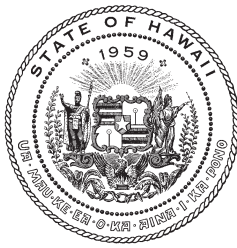


2001



Forms N-11 and N-12

STATE OF HAWAII —DEPARTMENT OF TAXATION Hawaii Resident Income Tax Forms and Instructions

Caution: Part-Year Residents Must Use Form N-15

ATTENTION: Changes to the Hotel Construction and Remodeling Tax Credit and the addition of a new Residential Construction and Remodeling Tax Credit are not covered in this packet. See Form N-314 and its instructions for the changed Hotel Construction and Remodeling Tax Credit and Form N-332 and its instructions for the Residential Construction and Remodeling Tax Credit.

Hawaii



CLICK. ZIP. FAST ROUND TRIP!

E-file Form N-11!

Form N-11 filers have the option of filing their 2001 individual income tax return electronically, either through an approved tax professional or using approved tax preparation software through a personal computer, if they are filing their federal individual income tax return electronically. For more information on the electronic filing of Form N-11, and for other e-file opportunities, visit the Department's website at www.state.hi.us/tax

MESSAGE FROM THE DIRECTOR

Preparing tax returns is a once a year event for most taxpayers, and now is the time to catch up on tax law changes, organize your records, and prepare your tax return. This is not an easy task but it is an important one, and we appreciate the effort you make to file a timely and accurate return each year.

Hawaii's practice of adopting many of the federal income tax provisions has made it easier for most people to prepare their Hawaii return. However, the law does change from year-to-year, and those changes are complex. We have provided a list of changes that may affect you on page 2.

I'd also like to make the following suggestions to help ensure a problem-free return:

- Check all mathematical calculations and make sure that all entries are on the correct line before sending in your return. Mistakes may bring requests for clarification and may delay refunds.
- Mail your return as soon as possible to avoid delays due to the number of tax returns filed close to the filing deadline.
- Use the preprinted name and address label and preaddressed envelope if you receive them. Both help to prevent mistakes and to assist in processing refunds faster.
- Keep a copy of your tax return and any worksheets used to prepare it to assist you in preparing your return next year or in case a question should arise.

Hawaii tax forms and information are now available at:

Website: www.state.hi.us/tax

Forms by Fax/Mail: 808-587-7572 or toll-free 1-800-222-7572

State of Hawaii 2001 Tax Information CD

Consumer Dial: 808-587-1234, and press 7700 (recorded tax information only)

Finally, suggestions from taxpayers have been very helpful to us in the past. We have used many of the suggestions and sincerely thank those of you who have taken the time to send them to us. If you have a suggestion, please send it to me by e-mail to Director_Office@tax.state.hi.us or by mail at the Department of Taxation, P.O. Box 259, Honolulu, Hawaii, 96809-0259.

MARIE Y. OKAMURA
Director of Taxation

DUE DATE: APRIL 20, 2002

State of Hawaii
Department of Taxation
P.O. Box 3559
Honolulu, Hawaii 96811-3559
(See page 7 for correct filing address)

Changes for 2001

- For taxable years beginning after December 31, 2000 (and before January 1, 2002) the income tax rates are reduced from 1.6% to 8.75% of taxable income to 1.5% to 8.5% of taxable income. (Act 157, SLH 1998)
- Schedule CR, Schedule of Tax Credits, must now be used by Form N-11 filers claiming certain tax credits.
- Provides a \$1 general income tax credit for 2001. (Act 119, SLH 2001)
- Adopts the federal provision relating to the individual retirement account limitations. (Act 199, SLH 2001)
- Adopts the federal provision which extends the medical savings account program (renamed as Archer MSA) through 2002. (Act 199, SLH 2001)
- Provides a nonrefundable 4% income tax credit for renovation costs incurred to provide a commercial building with technology-enabled infrastructure. (Act 221, SLH 2001)
- Losses sustained from the sale of stocks or other interests issued through the exercise of the stock options or warrants granted by a qualified high technology business are deductible for Hawaii income tax purposes. (Act 221, SLH 2001)
- Expenses for royalties and other income derived from any patents, copyrights, and trade secrets by an individual or a qualified high technology business are deductible. (Act 221, SLH 2001)
- A qualified high technology business may apply to the Department of Taxation to sell its unused net operating loss carryover to another taxpayer. (Act 297, SLH 2000)
- Provides a refundable 4% income tax credit for qualifying costs incurred and paid by farmers or ranchers for a qualified water storage facility. (Act 293, SLH 2001)
- Provides a nonrefundable income tax credit for contributions of in-kind services by contractors for the repair and maintenance of public schools equal to 10% of the value of the services contributed. (Act 309, SLH 2001)
- Contribution of \$2 (\$4 if filing a joint return and your spouse wants to contribute) may be made to the Hawaii school-level minor repairs and maintenance special fund. (Act 311, SLH 2001)
- Amends the Hotel Construction and Remodeling Tax Credit and provides a new Residential Construction and Remodeling Tax Credit. (See the packet cover for more information.)

Important Reminders for 2001

- Keep a copy of the worksheets you complete in the instructions for your records.
- If you are unable to file by April 20, 2002, you may request an extension to file Form N-11 or Form N-12 on Hawaii Form N-101A. You may use federal Form 4868 instead of Form N-101A by substituting the appropriate amounts for Hawaii income tax purposes. Also, any reference to U.S. should be crossed off and replaced with Hawaii.
- Please complete all required entries on your tax return. Failure to do so may result in a notice of adjustment being sent to you and you may be required to file an amended tax return to correct missing entries.
- Line 22 on Form N-11 MUST be filled in. Line 36 on Form N-12 MUST be filled in. Failure to do so could cause delays in processing your return.
- Please be sure to check the appropriate filing status box.
- Please check all arithmetic on the return. A correct return will help us process your return efficiently and issue refunds quickly.
- If you are married and filing separate returns, the refund from your spouse's return cannot be applied to your liability.
- Include your spouse's social security number if you are married whether a joint or separate return is filed. If your spouse is an alien and was issued an ITIN by the IRS, enter your spouse's ITIN.
- Attach your employee earning statements (HW-2's or federal W-2's) to the front of your return.
- If someone prepares your tax return and charges you a fee, the preparer must sign and complete the Paid Preparer's Information box.
- Please mail in your return on or before April 20, 2002.
- Please place proper postage on the envelope before mailing. If there is insufficient postage on the envelope, it will be returned to you by the U.S. Postal Service.
- Keep a copy of your return for your records.

Items to Note

- The *Hawaii Taxpayer Bill of Rights* is reprinted on page 62.
- *Tax Facts* is a Department of Taxation initiative for getting information to the public on tax topics which may be applicable or of interest to you. The *Tax Facts* issue reprinted on page 63 covers the use tax which is one of the least understood taxes in Hawaii. Many taxpayers are not aware they may be subject to the use tax if they buy a mail order catalog product or purchase goods, including a car, outside of Hawaii.
- The Department of Taxation is a proud partner with the Missing Child Center - Hawaii, Department of the Attorney General (MCCH). Photographs of missing children selected by the Center may appear in this instruction booklet on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling MCCH at 1-808-586-1449 if you recognize a child.

STATE OF HAWAII — DEPARTMENT OF TAXATION

RELATED FEDERAL/HAWAII TAX FORMS

Federal Form Number	Title or Description of Federal Form	Comparable Hawaii Form	Copy of Fed. Form May Be Submitted+
W-2.....	Wage and Tax Statement.....	HW-2.....	Yes
W-4.....	Employee's Withholding Allowance Certificate.....	HW-4.....	No
W-10.....	Dependent Care Provider's Identification and Certification.....	HW-16.....	No
1040.....	U.S. Individual Income Tax Return.....	N-12.....	No
1040 Sch A.....	Itemized Deductions.....	None.....	No
Sch B.....	Interest and Ordinary Dividends.....	None.....	No
Sch C.....	Profit or Loss from Business.....	None.....	Not required
Sch C-EZ.....	Net Profit From Business.....	None.....	Not required
Sch D.....	Capital Gains and Losses.....	None.....	No
Sch E.....	Supplemental Income and Loss.....	None.....	Not required
Sch F.....	Farm Income and Expenses.....	None.....	Not required
Sch J.....	Farm Income Averaging.....	Form N-168.....	No
Sch R.....	Credit for the Elderly or the Disabled.....	None.....	No
1040A.....	U.S. Individual Income Tax Return (short form).....	N-13.....	No
1040ES.....	Estimated Tax for Individuals.....	N-1.....	No
1040EZ.....	Income Tax Return for Single and Joint Filers With No Dependents.....	None.....	No
1040NR.....	U.S. Nonresident Alien Income Tax Return.....	None.....	No
1040-V.....	Payment Voucher.....	N-200V.....	No
1040X.....	Amended U.S. Individual Income Tax Return.....	N-188X.....	No
1045.....	Application for Tentative Refund.....	N-109.....	No
1128.....	Application to Adopt, Change, or Retain a Tax Year.....	None.....	Yes
1310.....	Statement of Person Claiming Refund Due a Deceased Taxpayer.....	N-110.....	No
2038.....	Questionnaire — Exemption Claimed for Dependent.....	None.....	No
2106.....	Employee Business Expenses.....	None.....	Yes
2106-EZ.....	Unreimbursed Employee Business Expenses.....	None.....	Yes
2120.....	Multiple Support Declaration.....	None.....	Yes
2210.....	Underpayment of Estimated Income Tax by Individuals and Fiduciaries.....	N-210.....	No
2441.....	Child and Dependent Care Expenses.....	Sch X.....	No
2688.....	Application for Additional Extension of Time to File U.S. Individual Income Tax Return.....	N-101B.....	Yes
2848.....	Power of Attorney and Declaration of Representative.....	N-848.....	Yes
3903.....	Moving Expenses.....	N-139.....	No
4562.....	Depreciation and Amortization.....	None.....	Yes
4684.....	Casualties and Thefts.....	None.....	Yes
4797.....	Sales of Business Property.....	Sch D-1.....	No
4835.....	Farm Rental Income and Expenses.....	None.....	Yes
4852.....	Employee's Substitute Wage & Tax Statement.....	L-15.....	No
4868.....	Application for Automatic Extension of Time to File U.S. Individual Income Tax Return.....	N-101A.....	Yes
4952.....	Investment Interest Expense Deduction.....	N-158.....	No
4970.....	Tax on Accumulated Distribution of Trusts.....	N-405.....	No
4972.....	Tax on Lump-Sum Distributions.....	N-152.....	No
5213.....	Election to Postpone Determination (Hobby Losses).....	None.....	Yes
5329.....	Additional Taxes Attributable to IRAs, Other Qualified Retirement Plans, Annuities, Modified Endowment Contracts, and MSAs.....	None.....	No
5884.....	Jobs Credit.....	N-884.....	No
6198.....	At-Risk Limitations.....	None.....	Yes
6252.....	Installment Sale Income.....	None.....	Yes
6781.....	Gains and Losses From Section 1256 Contracts and Straddles.....	None.....	Yes
8283.....	Noncash Charitable Contributions.....	None.....	Yes
8332.....	Release of Claim to Exemption for Child of Divorced or Separated Parents.....	None.....	Yes
8582.....	Passive Activity Loss Limitations.....	None.....	Yes
8586.....	Low-Income Housing Credit.....	N-586.....	No
8615.....	Computation of Tax for Children Under Age 14 Who Have Investment Income of More Than \$1,400.....	N-615.....	No
8814.....	Parent's Election to Report Child's Interest and Dividends.....	N-814.....	No
8824.....	Like-Kind Exchanges.....	None.....	Yes
8829.....	Expenses for Business Use of Your Home.....	None.....	Yes
8853.....	Archer MSAs and Long-Term Care Insurance Contracts.....	None.....	No

+ If "Yes" is indicated and there is no Hawaii equivalent form, the federal form must be used.

To request tax forms by fax or mail, you may call (808) 587-7572 or toll-free 1-800-222-7572.

See page 4 for a list of Hawaii tax forms available by fax.

You may also obtain tax forms through the Department of Taxation's Internet address at www.state.hi.us/tax.

LIST OF 2001 HAWAII TAX FORMS AVAILABLE BY FAX

To request tax forms by fax, call (808) 587-7572 or toll-free 1-800-222-7572

Form Number	Form Title	Form Number	Form Title
None	Tax on the Internet	Sch. K-1 (N-20)	Partner's Share of Income, etc.
A-6	Tax Clearance Application	Schs. O & P (N-20)	Allocation and Apportionment of Income
A-7	Request for a Ruling	N-30	Corporation Income Tax Return
BB-1	State of Hawaii Basic Business Application	Sch. D (N-30)	Capital Gains and Losses
BB-1X	State of Hawaii Basic Business Amended Application	Sch. O (N-30)	Allocation & Apportionment of Income
EFT-1	Authorization Agreement for Electronic Funds Transfer (EFT)	Sch. P (N-30)	Apportionment Formula
G-16	Certificate for the Resale of Services by a Licensed Intermediary	Schs. O & P Instr. (N-30)	Instructions for Filing Schedules O & P
G-17	Resale Certificate for Goods General Form 1	N-30X	Amended Corporation Income Tax Return
G-26	Use Tax Return	N-35	S Corporation Income Tax Return
G-45	General Excise/Use Tax Periodic Return	Sch. K-1 (N-35)	Shareholder's Share of Income, etc.
G-49	Annual Return and Reconciliation General Excise/Use Tax	N-40	Fiduciary Income Tax Return
G-54	Amended Periodic General Excise/Use Return	Sch. K-1 (N-40)	Beneficiary's Share of Income, etc.
G-55	Amended Annual Return & Reconciliation General Excise/Use Tax	N-100	Application for Automatic Extension of Time to File Hawaii Return for a Partnership, Trust or REMIC
G-54/G-55 Instr.	Instructions for Amended General Excise/Use Tax Returns	N-100A	Application for Additional Extension of Time to File Hawaii Return for a Partnership, Trust, or REMIC
G-61	Export Exemption Certificate For General Excise and Liquor Taxes	N-101A	Application for Automatic Extension of Time to File Hawaii Individual Income Tax Return
G-65	Disability Deduction Worksheet	N-101B	Application for Additional Extension of Time to File Hawaii Individual Income Tax Return
G-71	General Excise Sublease Deduction Certificate	N-103	Sale of Your Home
G-72	Sublease Deduction Worksheet	N-109	Application for Tentative Refund from Carryback of Net Operating Loss (Other Than Corporation)
G-81	Phased-In Wholesale Deduction Worksheet	N-110	Statement of Person Claiming Refund Due a Deceased Taxpayer
G-82	Certificate for Sales of Goods, Services, and Amusements Which Qualify for the Phased-In Wholesale Deduction	N-139	Moving Expenses
GEW-TA-RV-1	Notification of Cancellation of General Excise, Withholding, Transient Accommodations, or Rental Motor Vehicle & Tour Vehicle Accounts	N-157	Credit for Energy Conservation
GEW-TA-RV-2	Change of Address	N-172	Claim for Tax Exemption by Person with Impaired Sight or Hearing or by Totally Disabled Person and Physician's Certification
GEW-TA-RV-5	General Excise/Use, Employer's Withholding, Transient Accommodations and Rental Motor Vehicle & Tour Vehicle Surcharge Application Changes	N-172 Instr.	Instructions for Filing Form N-172
HW-3	Employer's Return & Reconciliation of Hawaii Income Tax Withheld From Wages	N-188X	Amended Individual Income Tax Return
HW-4	Employee's Withholding Allowance & Status Certificate	N-188X Instr.	Instructions for Filing Form N-188X
HW-14	Withholding Tax Return	N-196	Annual Summary & Transmittal of Hawaii Annual Information Returns
L-15	Substitute for Form HW-2, or W-2 Wage and Tax Statement	N-200V	Individual Income Tax Payment Voucher
P-64A	Conveyance Tax Certificate	N-210	Underpayment of Estimated Tax by Individuals & Fiduciaries
P-64B	Exemption From Conveyance Tax	N-210 Instr.	Instructions for Filing Form N-210
TA-1	Transient Accommodations Periodic Tax Return	N-220	Underpayment of Estimated Tax by Corporations & S Corporations
TA-2	Transient Accommodations Tax Annual Return & Reconciliation	N-220 Instr.	Instructions for Filing Form N-220
N-1	Declaration of Estimated Income Tax for Individuals	N-288	Hawaii Withholding Tax Return for Dispositions by Nonresident Persons of Hawaii Real Property Interests
N-3	Declaration of Estimated Income Tax for Corporations & S Corporations	N-288A	Statement of Withholding on Dispositions by Nonresident Persons of Hawaii Real Property Interests
N-11	Individual Income Tax Return (Resident Filing Federal Return)	N-288B	Application for Withholding Certificate for Dispositions by Nonresident Persons of Hawaii Real Property Interest
N-12	Individual Income Tax Return (Resident Not Filing Federal Return)	N-288C	Application for Tentative Refund of Withholding on Dispositions by Nonresident Persons of Hawaii Real Property Interests
N-13	Individual Income Tax Return (Resident Short Form)	N-289	Certification for Exemption From the Withholding of Tax on the Disposition of Hawaii Real Property
Sch. CR	Schedule of Tax Credits	N-301	Application for Automatic Extension of Time to File Hawaii Corporation Income Tax Return
Sch. X	Tax Credits for Hawaii Residents	N-309	Corporation Application for Tentative Refund from Carryback of Net Operating Loss
N-15	Individual Income Tax Return (Nonresident and Part-Year Resident)	N-848	Power of Attorney
N-20	Partnership Tax Return	N-848 Instr.	Instructions for Filing Form N-848

Forms N-11 and N-12 — General Instructions

Who Must File

1. Every individual doing business in Hawaii during the taxable year must file a return, whether or not the individual derives any taxable income from that business.

“Doing business” includes all activities engaged in or caused to be engaged in with the object of gain or economic benefit, direct or indirect, except personal services performed as an employee under the direction and control of an employer.

For example, every person receiving rents from property owned in Hawaii is “doing business” and must file a return whether or not the person’s expenses exceed the gross rental income.

2. Every individual receiving more than the following amounts of gross income subject to taxation under Hawaii Income Tax Law must file a return:

For Individuals Under Age 65	
Filing Status	Gross Income of
Married filing separately	\$1,990
Single or legally separated	\$2,540
Single, head of household	\$2,690
Qualifying widow(er) with a dependent child	\$2,940
Married couple filing jointly	\$3,980

For Individuals Age 65 or older	
Filing Status	Gross Income of
Married filing separately	\$3,030
Single or legally separated	\$3,580
Single, head of household	\$3,730
Qualifying widow(er) with a dependent child	\$3,980
Married couple filing jointly, one is 65 or older	\$5,020
Married couple filing jointly, both are 65 or older	\$6,060

These threshold amounts will be higher for persons who are blind, deaf, or totally disabled, and who have completed and filed a certification with the Department of their disability on Form N-172 **before** filing their income tax return.

For individuals who can be claimed as **dependents** on the tax return of another taxpayer, the threshold amount is the amount of the dependents’ standard deduction.

For **nonresident aliens**, the threshold amount is \$1,040 for individuals under 65, and \$2,080 for individuals 65 or older.

For **nonresident individuals**, the threshold

amounts stated above must be multiplied by the ratio of Hawaii adjusted gross income to total adjusted gross income from all sources to determine whether the individual must file a return.

3. Individuals who took up residence in Hawaii after attaining the age of 65 years and before July 1, 1976, may elect to be taxed only on Hawaii source income. See *Election Under Act 60, SLH 1976* on this page.

4. Children who receive unearned income during the taxable year and have not attained the age of 14 years before the end of the taxable year must file their own returns to report their income unless their parent or parents report that income.

However, the Department of Taxation will, administratively, not require the filing of a State income tax return if the child’s total earned and/or unearned income for the taxable year is \$500 or less and the application of the standard deduction amount results in no taxable income for the child. Children who must file a return may need to file Form N-615, Computation of Tax for Children Under Age 14 Who Have Investment Income of More than \$1,000. Parents may report income of their children by filing Form N-814, Parent’s Election to Report Child’s Interest and Dividends.

5. If you need to report additional tax from Form N-2, Distribution from an Individual Housing Account; Form N-103, Sale of Your Home; Form N-152, Tax on Lump-Sum Distributions; Form N-312 or N-312A, Recapture of Capital Goods Excise Tax Credit; Form N-405, Tax on Accumulation Distribution of Trusts; Form N-586, Recapture of Low-Income Housing Tax Credit; or Form N-814, Parent’s Election to Report Child’s Interest and Dividends, then you must file a return regardless of income level.

Who Should File

Even if you do not have to file, you should file to get a refund if too much income tax was withheld from your pay. Also, if you are eligible for refundable credits, you need to file a return to claim the credits.

Residents and Nonresidents

Resident

A resident is taxed on income from all sources.

A resident must file an Individual Income Tax Return—Resident (Form N-11, N-12, or N-13), if required to do so.

A Hawaii resident is (1) Every individual domiciled in Hawaii, and (2) Every other individual whether domiciled in Hawaii or not, who resides in Hawaii for other than a tempo-

rary or transitory purpose.

An individual domiciled outside Hawaii is presumed to be a resident if he or she spends more than 200 days in Hawaii during the taxable year. This presumption may be overcome by evidence satisfactory to the Department of Taxation that the individual maintained a permanent place of abode outside the State and was in the State for a temporary or transitory purpose. No person shall be deemed to have gained or lost a residence simply because of his or her presence or absence in compliance with military or naval orders of the United States, while engaged in aviation or navigation, or while a student at any institution of learning. See Tax Information Release No. 90-3, “*Income Taxation and Eligibility for Credits of an Individual Taxpayer Whose Status Changes from Resident to Nonresident or from Nonresident to Resident*”.

Nonresident

A Hawaii nonresident is an individual who is in Hawaii for a temporary or transient purpose, and whose permanent domicile is not Hawaii.

A nonresident must file an Individual Income Tax Return—Nonresident and Part-Year Resident (Form N-15), if required to do so. A nonresident will be taxed on income from Hawaii sources only.

A nonresident married to a Hawaii resident may choose to file a joint return with the resident spouse on Form N-11 or N-12; **however, the nonresident will then be taxed on all income from all sources.** For more information, see *Married Filing Joint Return* on page 8.

Election Under Act 60, SLH 1976

Individuals who took up residence in Hawaii after attaining the age of 65 years and before July 1, 1976, may elect to be taxed only on Hawaii source income. To make the election, attach a signed statement to Form N-12 setting forth the date that the individual established residence in Hawaii and the individual’s date of birth (which must be before July 1, 1911). Individuals making this election must file a return regardless of the amount of income earned, and **may not use Form N-11 or N-13.**

Part-Year Resident

A part-year resident is an individual who was a Hawaii resident for part of the year, and who was a nonresident during the other part of the year. This includes those who moved to Hawaii during the year and those who moved away from Hawaii during the year.

A part-year resident must file an Individual Income Tax Return—Nonresident and Part-Year Resident (Form N-15), if required to do so. A part-year resident will be taxed on all

income from all sources during the period of residency, and on income from Hawaii sources only during the period of nonresidency.

Domicile Defined

The term “domicile” means the place where an individual has a true, fixed, permanent home and principal establishment, and to which place the individual has, whenever absent, the intention of returning. It is the place in which an individual has voluntarily fixed the habitation of himself or herself and family, **not for a mere special or temporary purpose, but with the present intention of making a permanent home.** Three things are necessary to create a new domicile: first, abandonment of the old domicile; second, the intent to establish a new domicile; and third, actual physical presence in the new domicile. Once a domicile is established, the intent to abandon it is not itself sufficient to create a new domicile; a new domicile must be shown.

Reminder: If you are in Hawaii because of military orders and do not intend to make Hawaii your permanent home, you are not considered a Hawaii resident for income tax purposes, even though you have been in Hawaii for more than 200 days in 2001. File a resident return with your home state, and file a Hawaii nonresident and part-year resident return (Form N-15) to report your Hawaii income.

Resident and Nonresident Examples

Note: For more information, see Tax Information Release No. 90-3, “*Income Taxation and Eligibility for Credits of an Individual Taxpayer Whose Status Changes from Resident to Nonresident or from Nonresident to Resident*”, Tax Information Release No. 90-10, “*Clarification of Taxation and the Eligibility for Personal Exemptions and Credits of Residents and Nonresidents in the Military and Spouses and Dependents of Persons in the Military*”, and Tax Information Release No. 97-1, “*Determination of Residence Status*”.

Example 1—A Hawaii resident who enlists in the military normally will remain a Hawaii resident regardless of the length of absence from Hawaii while stationed outside of Hawaii.

Example 2—A Hawaii resident working in a foreign country will remain a Hawaii resident unless permanent resident status is granted by the foreign country.

Example 3—Foreign students who are granted entry into the United States on “F” visas are nonresidents for Hawaii tax purposes. Researchers and faculty members who are granted entry into the United States on “H”, “J”, or “Q” visas, and who have been in Hawaii for more than 200 days during the taxable year may be considered Hawaii residents.

Example 4—Spouses of those in the military service do not become Hawaii residents if their principal reason for moving to Hawaii was the transfer of the service member spouse to Hawaii, and if it is their intention to leave Hawaii when the service member spouse either is transferred to another military station or leaves the service.

Example 5—A Hawaii resident who marries a nonresident will remain a Hawaii resident unless the three requirements for changing his or her domicile are also met. (Refer to “Domicile Defined” on this page.) This situation applies in reverse to a nonresident who marries a resident. A person’s residence status will not change just because of marriage.

Which Form to File

You must file resident Form N-11, N-12, or N-13, as appropriate, if you were a resident for the full year. File Form N-15 if you were a nonresident for the full year or a part-year resident.

Generally, you MUST use Form N-11 if:

- You filed a federal resident tax return (Form 1040, 1040A, 1040EZ, or 1040-TEL) for the calendar year;
- You were a resident for the **full** year, or, if married filing jointly, **either** spouse was a resident for the full year (however, the nonresident spouse would be taxed on their worldwide income for the full year);
- You do not make the *Election Under Act 60, SLH 1976* described on page 5; and
- If you are married:
 - Your filing status is the same on your federal and Hawaii tax returns, **or**
 - You are filing a joint Hawaii return and both you and your spouse are filing federal returns.
- But if you qualify to file Form N-13, you may file it instead of Form N-11.

Note: If a resident taxpayer died during the year, a return for that taxpayer (including a joint return for a surviving spouse) must be filed on Form N-11 if the corresponding federal return is filed. If a corresponding federal return is not filed, use Form N-12. See *Death of Taxpayer* on page 7.

You MUST use Form N-15 if:

- You were a nonresident for the **full** year, or, if married filing jointly, **both** spouses were nonresidents for the full year.
- You are taking up residence in Hawaii during the tax year. (Part-year resident).
- You are giving up residence in Hawaii during the tax year. (Part-year resident).

You MUST use Form N-12 if:

- You are not required to use Form N-11 or Form N-15.
- But if you qualify to file Form N-13, you may file that form instead of Form N-12.

- You file your return on a fiscal year basis.

You MAY Be Able to Use Form N-13 if:

- You were a resident for the **full** year, or, if married filing jointly, **either** spouse was a resident for the full year (however, the nonresident spouse would be taxed on their worldwide income for the full year);
- You had only wages, salaries, tips, interest, ordinary dividends, and unemployment compensation, **AND**
- Your taxable income (adjusted gross income less standard deduction and personal exemptions) is less than \$100,000.

Form N-13 is a simplified form. However, Form N-11 or Form N-12 may allow you to pay less tax.

If you are eligible to file Form N-13 but you filed a federal resident return, you may want to file Form N-11 instead because it uses information you already entered on your federal return, and allows you to take the same deductions and credits that would be available on Form N-12.

To see if you qualify to use Form N-13, see the instructions for Form N-13.

When to File

NOTE: If any due date falls on a Saturday, Sunday, or legal holiday, substitute the next regular work day as the due date.

You should file as soon as you can after January 1, but not later than April 20, 2002. If you file late, you may have to pay penalties and interest if you owe taxes on your return. Please see the instructions for **Penalties and Interest** on page 41. If you know that you are unable to meet the deadline, you should ask for an extension on Form N-101A, Application for Automatic Extension of Time to File Hawaii Individual Income Tax Return. Form N-101A can be filed electronically through the State’s Internet portal. For more information, go to www.eHawaiiGov.org. This is an extension of time to file, not an extension of time for payment of tax. Federal Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return, may be used in lieu of Form N-101A.

Note: Returns for fiscal year taxpayers must be filed on or before the 20th day of the fourth month following the close of the fiscal year.

The official U.S. Post Office cancellation mark will be considered primary evidence of the date of filing of tax documents and payments. If you want to keep evidence that you mailed your return on time, ask your Post Office for a Certificate of Mailing. It is **NOT** necessary to get a certified or registered mail return receipt.

Hawaii has adopted the Internal Revenue Code provision to allow documents and payments delivered by a designated private delivery service to qualify for the “timely mailing treated as timely filing/paying rule.” The Department of Taxation will conform to the Internal Revenue Service listing of designated private delivery service and type of delivery services qualifying under this provision. Timely filing of mail which does not bear the U.S. Post Office cancellation mark or the date recorded or marked by the designated delivery service will be determined by reference to other competent evidence. The private delivery service can tell you how to get written proof of the mailing date.

Where to File

Please use the addressed envelope that came with your forms. If you do not have an addressed envelope, or if you moved during the year, mail your return to the taxation dis-

district office in which you reside or have your principal place of business. If you have no residence in Hawaii, file with the Oahu District Office, P.O. Box 3559, Honolulu, Hawaii 96811-3559.

The State of Hawaii is divided into four taxation districts. You should file your return, pay your tax, get your forms, or conduct other Hawaii tax affairs with the taxation district office located in the county where you reside or have your principal business.

Tax forms are available on the Internet. The Department of Taxation's website on the Internet is: www.state.hi.us/tax.

Other Information

Death of Taxpayer

Did the taxpayer die before filing a return for 2001? If so, the taxpayer's spouse or personal representative may have to file a return and sign it for the person who died (decedent) if the decedent was required to file a return. A personal representative can be an executor, administrator, or anyone who is in charge of the taxpayer's property.

If the decedent did not have to file a return but either had State income tax withheld, made estimated tax payments, or is eligible for various tax credits, a return must be filed to get a refund.

If your spouse died in 2001 and you did not remarry in 2001, or if your spouse died in 2002 before filing a return for 2001, you may still file a joint return for the 2001 tax year.

A return filed for a deceased taxpayer, including a joint return with a surviving spouse, must have the word "**DECEASED**" written in the upper left hand corner of the return. The word "**DECEASED**" and the date

of death also must be written after the deceased taxpayer's first name and middle initial in the name and address area of the tax return.

Generally, the personal representative or other responsible individual must sign the return on behalf of the decedent. **If a refund is due, Form N-110, Statement of Person Claiming Refund Due a Deceased Taxpayer**, must be completed and attached to the return to ensure that the refund check will be issued in the name of the surviving spouse, personal representative, or other responsible individual instead of in the decedent's name. A personal representative or other individual may be required to attach other documents such as the death certificate. See Form N-110 for further information.

Exception for joint returns filed by surviving spouse. If a joint return is being filed by the decedent and the decedent's spouse, the spouse should write, "Filing as surviving spouse", on the signature line which the decedent would have signed, and then the surviving spouse should sign his or her name on the other signature line. If a refund is being claimed on the return, Form N-110 is not required. The refund check will be issued to the surviving spouse.

Filing a Final Return

If you are giving up your Hawaii residency at the end of the year, write the words "**FINAL RETURN**" in the upper left hand corner of the return.

Declaration of Estimated Tax

Basic rules. Individuals who must pay more tax than is withheld, or who have no withholding, may have to file a declaration of estimated tax and pay that tax in a lump sum

or installments. Income tax obligations might not be satisfied through withholding when an individual has income not subject to withholding, such as from self-employment, rent, gains from sales of property, interest and dividend income, unemployment compensation, or distributions from deferred compensation plans.

Who Must File a Declaration on Form N-1. An individual subject to Hawaii net income tax generally must file Form N-1, *Declaration of Estimated Tax for Individuals*, unless: (a) his or her esti-

mated tax liability for the taxable year, after taking into account all taxes withheld or collected at the source, is less than \$500, or (b) the taxpayer did not have any tax liability for the preceding taxable year. See Form N-1 for details. Form N-1 can be filed electronically through the State's Internet portal. For more information, go to www.eHawaiiGov.org.

Date and Payment of Estimated Tax. Your declaration for 2002 must be filed on or before April 20, 2002. The tax may be paid in full with the declaration, or in equal installments on or before April 20, 2002, June 20, 2002, September 20, 2002, and January 20, 2003. Each installment payment must be submitted with a payment voucher. Make checks or money orders payable to the "Hawaii State Tax Collector".

Penalties. If you are required to file a declaration but you fail to do so, you may be subject to penalties. See *Penalties and Interest* on page 41.

Multistate Tax Compact Act

Any taxpayer, other than a corporation acting as a business entity in more than one state, who is required by Hawaii Income Tax Law to file a return and whose only activities in the State consist of sales and who does not own or rent real estate or tangible personal property and whose annual gross sales in or into the State during the tax year are not in excess of \$100,000, may elect to report and pay a tax of .5 percent of such annual gross sales. Taxpayers who elect the foregoing shall file Form N-310 in lieu of Form N-11 or Form N-12.

Special Instructions for Nonresident Aliens

In certain situations, a taxpayer may be considered a nonresident alien for federal income tax purposes and a resident for Hawaii income tax purposes. In these situations, the special rules applicable to individuals who are considered nonresident aliens for federal income tax purposes will apply when the individual files a Hawaii resident income tax return. See Tax Information Release No. 97-1, "*Determination of Residence Status*".

Steps for Preparing Your Return

These instructions consist of 10 steps. You should complete the first 3 steps that follow BEFORE you begin to fill in your return.

Step 4, filling in the return through line 6e, is the same for Forms N-11 and N-12. Step 5, filling in the rest of the return, depends on which return you file. The Line-By-Line Instructions for Form N-11 begin on page 11 and end on page 25. For Form N-12, they begin on page 30 and end on page 40.

Finally, steps 6 through 10 begin on page 41. These are the steps you should take after your Form N-11 or N-12, and other schedules and forms you need, are filled in.

If you follow these steps and read the Line-By-Line Instructions, we feel you can

MAILING ADDRESSES

OAHU DISTRICT OFFICE
P.O. Box 3559
Honolulu, Hawaii 96811-3559

MAUI DISTRICT OFFICE
P.O. Box 913
Wailuku, Hawaii 96793-0913

HAWAII DISTRICT OFFICE
P.O. Box 1377
Hilo, Hawaii 96721-1377

KAUAI DISTRICT OFFICE
P.O. Box 1688
Lihue, Hawaii 96766-5688

DISTRICT OFFICE LOCATIONS

OAHU DISTRICT OFFICE
830 Punchbowl Street
Honolulu, Hawaii 96813-5094
Telephone:

For tax information:
(808) 587-6515 (Jan. - April 20)
(808) 587-4242

Toll-Free 1-800-222-3229
TDD/TTY (808) 587-1418 (For the hearing impaired)
TDD/TTY Toll-Free 1-800-887-8974 (For the hearing impaired)

Tax forms by fax or mail:
(808) 587-7572
Toll-Free 1-800-222-7572

HAWAII DISTRICT OFFICE
State Office Building
75 Aupuni Street, #101
Hilo, Hawaii 96720-4245
Telephone: (808) 974-6321

MAUI DISTRICT OFFICE
State Office Building
54 S. High Street, #208
Wailuku, Hawaii 96793-2198
Telephone: (808) 984-8500

KAUAI DISTRICT OFFICE
State Office Building
3060 Eiwa Street, #105
Lihue, Hawaii 96766-1889
Telephone: (808) 274-3456

fill in your return quickly and accurately. If you have any questions, call or visit your taxation district office.

Step 1

Get all of your income records together.

These include any Forms HW-2 and federal Forms W-2 or 1099 that you received. If you don't receive a Form HW-2 or federal Form W-2 by January 31, or if the one you get isn't correct, please contact your employer as soon as possible. Only your employer can give you a Form HW-2 or federal Form W-2, or correct it. If you cannot get a Form HW-2 or federal Form W-2 by February 15, please contact your taxation district office.

If you have someone prepare your return for you, make sure that person has all your income and expense records so he or she can fill in your return correctly. Remember, even if someone else prepares your return incorrectly, YOU are still responsible.

Step 2

If you plan to claim tax credits or itemize deductions, get the information and expense records you need.

These instructions tell you what credits and deductions you can claim. Some of the records you may need are:

- Medical and dental payment records.
- Real estate and income tax receipts.
- Interest payment records for a home mortgage.
- Receipts for charitable contributions.

Step 3

Get any forms, schedules, or information you need.

Resident tax form and instruction packages are automatically mailed to you based on the return you filed last year, unless you request otherwise. Make sure that all the forms you need are in the package you receive.

If you need any other forms and instructions, you may pick them up at any district tax office. You may also request that the forms be mailed or faxed to you. Please allow approximately 10 days for the mailing of the tax forms. Tax forms are also available on the Internet. See page 7 for the location of your district tax office or phone number to request the forms you need, and for the Department's website.

Step 4

Fill in your name, address, filing status, and exemptions.

Note: Please check the box above the name and address area of the tax return if you are filing a tax return for the first time or if your address has changed.

Take the mailing label from the forms booklet or postcard we sent to you and attach it to your return. Make sure the information is correct. Draw a line through any incorrect information and write the correct information directly onto the label. Add any missing information, such as apartment number. If the label is for a joint return and the social security numbers are not listed in the same order as the first names, show the numbers in the correct order.

Do not attach your label to the return until you have completed and checked all entries. Use of the label helps us identify your account, saves processing time, and speeds refunds.

Do not attach your label to the envelope. It may get separated from your return.

If you did not receive a label, print or type the entries in this section.

Do not use the IRS mailing label.

Name

You must use your legal name. Nicknames are not permitted. If you have changed your name because of marriage, divorce, etc., make sure you immediately notify the Social Security Administration so that the name on your tax return is the same as the name on the social security records. If these names do not match, your refund may be delayed.

If you file joint returns, write the names in the same order every year. There is a separate line for the spouse's name.

Write any descriptions (e.g. Jr., III, etc.) after your last name.

Address

Write your current mailing address in the space provided. If you receive your mail "in care of" someone else (i.e., your mail is sent to an address belonging to someone other than yourself), fill in that person's name in the space provided for the mailing address. Be sure to write "c/o" before the person's name.

Important: If your address should change after you file your return, you must notify the Department in writing of your new address. Please include your social security number and your signature. Any refund checks due to you will **not** be forwarded to your new address by the U.S. Postal Service, and you might not receive your income tax forms and instructions next year.

Social Security Number

Write your social security number in the space provided. If you are married, you must also write your spouse's social security number in the space provided whether joint or separate returns are filed. Your social security numbers must be written in the same order as your names are written on your return.

If you are an alien and was issued an individual taxpayer identification number (ITIN) by the IRS, enter your ITIN.

Occupation

Write your occupation in the space provided. If married and filing a joint return, write the occupation of the spouse whose

name is written first in the box for "Your occupation", and write the other spouse's occupation in the box for "Spouse's occupation".

Hawaii Election Campaign Fund

The check boxes for the Hawaii Election Campaign Fund appear on page 1 of Form N-12, and on page 2 of Form N-11.

This fund was established by the Hawaii State Legislature to support public financing of Hawaii governor's election campaigns.

You may have \$2 go to the fund by checking the "Yes" box. On a joint return, one or both of you may choose to have \$2 go to this fund, or both may choose not to.

If you check "Yes," it will not change the tax or refund shown on your return.

Once made, the designation cannot be revoked.

Filing Status

Check either box 1, 2, 3, 4, or 5 as appropriate. Do not put a check in more than one box.

Note: More than one filing status may apply to you. Choose the one that will give you the lowest tax.

Single

Select box 1, Single, if on December 31, 2001, you were unmarried, divorced, or separated from your spouse under a separate maintenance decree. State law governs whether you are married, divorced, or legally separated.

If you are married on December 31, 2001, consider yourself married for the whole year.

If your spouse died during 2001, consider yourself married to that spouse for the whole year, unless you remarried before the end of 2001.

If you are unmarried and provide a home for certain other persons, you may be able to file as Head of Household. See *Head of Household* on page 9.

If you were married in 2001, had a child living with you, and lived apart from your spouse during the last 6 months of 2001, you may be able to file as Head of Household. See *Married Persons Who Live Apart (and Abandoned Spouses)* on page 9.

Married Filing Joint Return

In most cases, married couples will pay less tax if they file a joint return. You must report all income, exemptions, deductions, and credits for you and your spouse. Both of you must sign the return, even if only one of you had income.

You and your spouse can file a joint return even if you did not live together for the whole year. Both of you are responsible for any tax due on a joint return, so if one of you doesn't pay, the other may have to.

Note: If you and your spouse file a joint return for the year and later decide to file separately, both you and your spouse **MUST** file amended returns on or before the due date of the original return (April 20). **You may not**

change your filing status from married filing jointly to married filing separately after that date.

If your spouse died in 2001 or in 2002 before filing a return for 2001, see *Death of Taxpayer* on page 7.

Tax Savings. If you decide not to file a joint return and plan to file a separate return, see if you can lower your tax by meeting the tests described on this page under *Married Persons Who Live Apart (and Abandoned Spouses)*. If you can, you should check Box 4 for Head of Household.

Special Rule for Nonresidents of Hawaii Who File a Joint Return With a Hawaii Resident. If at the end of the taxable year you were a nonresident of Hawaii (but you were a U.S. resident) who is married to a resident of Hawaii, you may choose to file a joint return with the resident spouse. By filing a joint return, however, you and your spouse agree to be taxed on your combined worldwide income.

Special Rule for Nonresident and Dual-Status Aliens. Generally, you cannot file a joint return if either spouse was a nonresident alien at any time during the tax year. However, nonresident aliens married to U.S. citizens or residents can elect to be taxed as a U.S. resident on their federal income tax return and file joint returns. If you and your spouse have made that election on your federal return, you also may choose to file a joint Hawaii return. By filing a joint return, you and your spouse agree to be taxed on your combined worldwide income.

Special Rule When One Spouse Is a Nonresident or Part-Year Resident. If one spouse is a resident and the couple files a joint return, both spouses are taxed on worldwide income. If at least one spouse is a part-year resident and the couple files a joint return, the couple is taxed on worldwide income for the period in which either spouse was a resident.

Note: For purposes of filing a joint return, common law marriages are not recognized under Hawaii law unless they began in a state which permits common law marriages.

Married Filing Separate Returns

You may file separate returns whether both you and your spouse had income, only one of you had income, or neither of you had income.

If you choose to file separate returns, both you and your spouse must figure your tax the same way. This means that if one of you itemizes your deductions, the other must also itemize their deductions. You each report only your own income, exemptions, deductions, and credits, and you are responsible only for the tax due on your own return.

If you file a separate return, write your spouse's full name in the space after Box 3 and your spouse's social security number in the block provided for that number.

If your spouse does not file a Hawaii tax return, you may be able to claim the exemptions for your spouse. See the instructions for lines 6a and 6b.

Special Rule for Nonresident and Dual-Status Aliens. - Married nonresident aliens must file separate returns. However, nonresident aliens who are married to U.S. citizens or residents and who elect to be taxed as a U.S. resident may file joint returns. However, see *Married Persons Who Live Apart (and Abandoned Spouses)*, below.

Married Persons Who Live Apart (and Abandoned Spouses)

You will be considered unmarried if you meet **ALL** of the following tests:

- 1) You file a separate return,
- 2) You paid more than half the cost of keeping up your home for the tax year,
- 3) Your spouse did not live in your home during the last 6 months of the tax year, and
- 4) Your home was, for more than 6 months of the year, the principal home of your child, stepchild, adopted child, or foster child whom you can claim as a dependent (or whom you could claim as your dependent except that the noncustodial parent will claim the child as a dependent under the rules discussed on page 10, for *Children of Divorced or Separated Parents*).

If you are considered unmarried under these rules, you will qualify to file as Head of Household.

Special Rule for Nonresident and Dual-Status Aliens. - If you were a nonresident or dual-status alien during the tax year, the special rules for Married Persons Who Live Apart (and Abandoned Spouses) will not apply to you unless you meet all of the tests above, and you are a resident of Canada or Mexico. If you are considered unmarried under these rules, you may file as a single individual rather than married filing separately. You cannot file as Head of Household.

Head of Household

There are special tax rates for a person who can meet the tests for Head of Household. These rates are lower than the rates for Single or Married Filing Separate Returns.

You may be eligible to file as Head of Household if you were unmarried, or considered unmarried, on the last day of the year. You must have paid more than half the cost of keeping up a home that was the principal home for more than half the year for you and:

- 1) Your unmarried child, grandchild, stepchild, or adopted child. This child does not have to be your dependent.
- 2) Your married child, grandchild, stepchild or adopted child whom you can claim as your dependent without a Multiple Support Declaration (or whom you could claim as your dependent except that the noncustodial parent will claim the child as a dependent under the rules, discussed on page 10, for *Children of Divorced or Separated Parents*).
- 3) Any other relative, including your mother or father, whom you can claim as a dependent without a Multiple Support Declaration. For persons who qualify as a relative, see *Relationship* on page 10.

Also, you may be eligible to file as Head of Household if you were unmarried, or considered unmarried, on the last day of the year,

and pay more than half the cost of keeping up a home that was the principal home for the whole year for your mother or father whom you can claim as a dependent without a Multiple Support Declaration, but who does not live with you.

Note: If you receive payments under the *Aid to Families with Dependent Children (AFDC)* program and use them to pay part of the cost of keeping up this home, you may not count these amounts as furnished by you.

Special Rule for Nonresident and Dual-Status Aliens. - If you were a nonresident or dual-status alien during the tax year, you cannot file as Head of Household.

Qualifying Widow(er) With Dependent Child

If your spouse died during 1999 or 2000 and you did not remarry before the end of 2001, file a return for 2001 showing only your own income, exemptions, deductions, and credits. However, you can figure your tax at joint return rates if you meet **ALL 3** of the following tests:

- You could have filed a joint return with your spouse for the year your spouse died. (It does not matter whether or not you actually filed a joint return.)
- Your dependent child, stepchild, or foster child lived with you (except for temporary absences for vacation or school).
- You paid over half the cost of keeping up the home for this child for the whole year.

Check Box 5, Qualifying Widow(er) with Dependent Child, and show the year your spouse died in the space provided. Do not claim an exemption for your spouse. (You can claim the exemption only for the year your spouse died.)

If your spouse died in 2001 and you did not remarry, consider yourself married for the whole year. If your spouse died before 1999 and you did not remarry, you may check Box 4 if you met the tests under **Head of Household**. Otherwise you must file as Single. Also see page 7 of instructions, *Death of Taxpayer*.

Special Rule for Nonresident and Dual-Status Aliens. - The special rules for Qualifying Widow(er) With Dependent Child will not apply unless the surviving spouse meets all of the tests above, and was a resident alien or U.S. citizen the year their spouse died. The residency status refers to the surviving spouse's actual status, and not the election that some nonresident aliens make to be taxed as U.S. residents.

Exemptions

Lines 6a and 6b

Regular

You can take one exemption for yourself unless you can be claimed as a dependent on another person's tax return. Take two exemptions if you are married and filing a joint return. If you are married filing separately, you can take your spouse's exemption only if your spouse is not filing a return, had no U.S.

income, and was not the dependent of someone else.

If at the end of the taxable year, you were divorced or legally separated, you cannot take an exemption for your former spouse. If you were separated by a divorce that is not final (interlocutory decree), you may take an exemption for your spouse if you file a joint return.

If your spouse died during the taxable year and you did not remarry before the end of the taxable year, check the boxes for the exemptions you could have taken for your spouse on the date of death.

Age 65 or Over

You can take the extra exemption for age 65 or over only for yourself and your spouse. You cannot take them for your dependents.

Age is determined as of December 31. However, if your 65th birthday was on January 1, 2002, you can take the extra exemption for age in 2001.

If you are married filing separately, you may NOT claim the extra exemption for age 65 or over for your spouse.

Lines 6c and 6d

Children and Other Dependents

Enter the number of your dependent children listed in the box for line 6c. Enter the number of other dependents listed in the box for line 6d. If you are filing Form N-12, enter on lines 6c and 6d the full names, social security numbers, and other information for your dependent children and other dependents. Each dependent must have a social security number.

Each person you claim as a dependent has to meet **ALL 5** of the tests explained below.

a. Income

The dependent received less than \$2,900 gross income. (This test does not have to be met for your child who was under age 19 at the end of the year, or a full-time student at least 5 months of the year and under 24 years of age at the end of the year. Please see instructions for *Student Dependent* on this page.)

Note: Gross income does not include nontaxable benefits such as social security or welfare benefits.

b. Support

The dependent received over half of his or her support from you, or is treated as receiving over half of his or her support from you, under the rules for *Children of Divorced or Separated Parents*, or *Dependent Supported by Two or More Taxpayers*, on this page. If you file a joint return, the support can be from you or your spouse.

In figuring total support, you must include money the dependent used for his or her own support, even if this money was not taxable (for example, social security benefits, gifts, savings, welfare benefits, etc.). If your child was a student, do not include amounts he or she received as scholarships.

Support includes items such as food, a place to live, clothes, medical and dental care, and education. In figuring support, use the actual cost of these items. However, the cost of a place to live is figured at its fair rental value.

Do not include in support items such as income and social security taxes, premiums for life insurance, or funeral expenses.

Capital Items—You must include capital items such as a car or furniture in figuring support, but only if they are actually given to, or bought by, the dependent for his or her use or benefit. Do not include the cost of a capital item such as furniture for the household or for use by persons other than the dependent.

c. Married Dependent

If married, the dependent did not file a joint return with his or her spouse. However, if neither the dependent nor the dependent's spouse is required to file, but they file a joint return to get a refund of tax withheld, you may claim him or her if the other four tests are met.

d. Citizenship or Residence

The dependent was a citizen or resident of the United States, a resident of Canada or Mexico, or an alien child adopted by and living with a U.S. citizen in a foreign country.

e. Relationship

The dependent met test 1 or 2 below:

1. Was related to you (or your spouse if you are filing a joint return) in one of the following ways:

Child	Stepbrother	Daughter-in-law
Mother	Stepsister	Son-in-law
Father	Stepmother	or, if related by blood:
Brother	Stepfather	Uncle
Sister	Mother-in-law	Nephew
Grandparent	Father-in-law	Aunt
Grandchild	Brother-in-law	Niece
Stepchild	Sister-in-law	

2. Was any other person who lived in your home as a member of your household for the whole year. A person is not a member of your household if at any time during your tax year the relationship between you and that person is against local law.

The word child includes:

- Your son, daughter, stepson, or stepdaughter.
- A child who lived in your home as a member of your family if placed with you by an authorized placement agency for legal adoption.
- A foster child (any child who lived in your home as a member of your family for the whole year).

Student Dependent. Even if your child had income of \$2,900 or more, you can claim the child as a dependent if he or she can meet tests **b**, **c**, and **d** above; was under 24 years of age at the end of the year, AND

- was a full-time student at a school during any 5 months of 2001, or
- took a full-time on-farm training course during any 5 months of 2001. (The course had to be given by a school or a State or local government agency.)

The school must have a regular teaching staff, a regular course of study, and a regularly enrolled body of students in attendance.

The word school includes:

- elementary, junior and senior high schools;
- colleges and universities; and
- technical, trade, and mechanical schools.

However, school does not include on-the-job training courses or correspondence schools.

Children of Divorced or Separated Parents. The parent having custody of a child for the greater portion of the year (the custodial parent) will generally be entitled to the dependency exemption. This rule applies to parents not living together during the last six months of the calendar year and those divorced or separated under a separation agreement.

This general rule does not apply in the case of the following three exceptions:

- a. There is a multiple support agreement in effect;
- b. The custodial parent has agreed to release his or her claim to the dependency exemption to the noncustodial parent in a decree or agreement in effect before January 1985, and the noncustodial parent furnishes at least \$600 support for the child within the taxable year; OR
- c. The custodial parent relinquishes the exemption and provides the noncustodial parent with a written statement that the custodial parent will not claim the dependency exemption for the taxable year. This statement must be attached to the return of the noncustodial parent who claims the exemption. A copy of federal Form 8332 may be used for this purpose.

Support by the spouse of a remarried parent will be treated as support provided by that parent.

Dependent Supported by Two or More Taxpayers. Sometimes two or more taxpayers together pay more than half of another person's support, but no one alone pays over half of the support. One of the taxpayers may claim the person as a dependent only if the tests for income, married dependent, citizenship or residence, and relationship discussed earlier (tests **a**, **c**, **d**, and **e**) are met.

In addition, the taxpayer who claims the dependent must:

- a. have paid more than 10% of the dependent's support; and
- b. attach to his or her tax return a signed federal Form 2120, Multiple Support Declaration, from every other person who paid more than 10% of the support. This form states that the person who signs it will not claim an exemption in 2001 for the person he or she helped to support.

Birth or Death of Dependent. You can take an exemption for a dependent who was born or who died during the taxable year if he or she met the tests for a dependent while alive. This means that a baby who lived only a few minutes can be claimed as a dependent.

Line 6e

Add the numbers you entered in the boxes 6a, 6b, 6c and 6d. Enter the total in the box on line 6e.

Step 5

Fill in your return.

Line-By-Line instructions for filling in Form N-11 begin on this page and end on page 25. Line-By-Line instructions for filling in Form N-12 begin on page 30 and end on page 40. Please read and follow the instructions carefully.

Rounding Off to Whole Dollars

The Department of Taxation is requiring individual taxpayers to round off cents to the nearest whole dollar for all dollar entries on the tax return and schedules. To do so, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example: \$1.39 becomes \$1 and \$2.69 becomes \$3. If you have to add two or more amounts to figure the amount to enter on a line, schedule, or worksheet, you may choose to use one of two methods. Once a method of rounding is established, you must use the

same method throughout the return. The first method is to include the cents when adding and round off only the total. The other method is to round off each entry. For example: You received two W-2 forms, one showing Hawaii withholding of \$50.55 and one showing Hawaii withholding of \$185.73. For rounding method 1, show your total Hawaii withholding as \$236, ($\$50.55 + \$185.73 = \236.28 rounded to \$236). For rounding method 2, show your total Hawaii withholding as \$237, ($\50.55 rounded to \$51.00 + $\$185.73$ rounded to $\$186.00 = \$51 + \$186 = \237).

Line-By-Line Instructions — Form N-11

Roth IRA

Hawaii has adopted the federal provisions relating to the Roth IRA. For more information, see pages 33 and 35. Also, see federal Publication 590, Individual Retirement Arrangements (IRAs) (Including Roth IRAs and Education IRAs).

Special Note to Part-Year Residents

Form N-11 is to be filed by full-year residents only. If you were a Hawaii resident for only part of 2001, you must file Form N-15 instead.

Income

An individual who was a Hawaii resident for the **entire** year is subject to income tax on his or her **entire** income, computed without regard to source in the State.

Line 7

Federal Adjusted Gross Income (Federal AGI)

Report the adjusted gross income from the appropriate line of federal Form 1040, Form 1040A, Form 1040EZ, or Form 1040-T.

Hawaii Additions to Federal AGI

Line 8

Difference Between State and Federal Wages

If the amount in Form W-2, Box 16 (State wages) is larger than Form W-2, Box 1 (Federal wages), subtract the federal wages from the state wages and enter the difference here. If you receive more than one Form W-2, add the differences from all of the forms. For example, federal employees getting Cost of Living Allowance (COLA) or Living Quarter Allowance (LQA) may see a difference that must be reported here. If you received COLA or LQA and do not see a difference between state and federal wages, enter the amount of COLA or LQA reported on your Form W-2. State or County employees who are in the

contributory plan of the Employees Retirement System also will see a difference that must be reported here.

Line 9

Interest on Out-of-State Bonds, Including Municipal Bonds

If you received interest from bonds issued by another State, or a county, city, or political subdivision of another State (including interest distributions from a mutual fund investing in these bonds), enter the interest on line 9. Do not include interest from bonds issued by the Governments of Puerto Rico, Virgin Islands and Guam, or any of their political subdivisions. Also, do not include distributions of short-term or long-term **gains** because these amounts are included in federal AGI.

Line 10

Other Hawaii Additions to Federal AGI

This line is used to report other items that are taxed by Hawaii but are not taxed by the federal government, such as:

- Hawaii tax refund adjustment.
- Distributions and deemed distributions from Individual Housing Accounts.
- Peace Corps compensation.
- Differences in depreciation and gain when certain income tax credits have been taken.
- Compensation from temporary employment outside the United States.
- Differences in the deduction for student loan interest.
- Differences in the taxable portion of employer-provided adoption benefits.
- Distributions from certain foreign corporations.
- Other adjustments.

These items are explained in more detail as follows.

Taxable Refund of State Income Taxes

If you received a refund or credit in 2001

for state income taxes you paid before 2001, you may have to report it as income on your Hawaii income tax return. You should receive federal Form 1099-G, or a similar statement, showing the amount of the refund.

Any part of a refund of state or local income taxes paid before 2001 that you were entitled to receive in 2001 but chose to apply to your 2001 estimated state income tax is considered to have been received in 2001.

Do not report your refund as income if the refund was for a year in which you did not itemize your deductions on your state income tax return.

If you received a refund of 2000 taxes and you itemized deductions in 2000, figure the taxable portion of your refund using the *State Tax Refund Worksheet* on page 26.

If your refund included taxes from any previous year in which you itemized deductions, a similar calculation must be done for each previous year.

If part of your refund was interest, you should include that part in your federal Form 1040, 1040A, 1040EZ, or 1040-T as taxable interest income.

If your 2000 Hawaii AGI was over \$100,000 (\$50,000 for married taxpayers filing separately), you may be able to report a smaller amount of your tax refund as income because your itemized deductions were reduced in 2000. To compute the proper amount, see federal Publication 525, "Taxable and Nontaxable Income", under *Itemized deductions limited*. In the computation, however, the Hawaii standard deduction amounts must be used, the amount of the refund due to the Hawaii refundable credits listed in the *State Tax Refund Worksheet* is subtracted, and the base amount for the limitation of itemized deductions remains at \$100,000 (\$50,000 for married taxpayers filing separately). If you use this calculation, enter the result on line 8 of the *State Tax Refund Worksheet* on page 26.

Individual Housing Accounts

If you purchased a principal residence with an Individual Housing Account (IHA), or you

are notified by an IHA trustee that you have received a taxable distribution, report the taxable amount on line a of the *Hawaii Additions Worksheet* on page 26.

- If you purchased residential property before January 1, 1990, with a distribution from an IHA, you must include in gross income in the year the property is sold, conveyed, or transferred an amount equal to the amount of the distribution, unless an election was made to include one-tenth of the distribution in gross income each year for ten years starting in 1990. In addition, a penalty is added to your gross income. Attach Form N-103, Sale of Your Home, to figure the additional gross income.
- If you purchased residential property after December 31, 1989, or if you purchased property before January 1, 1990, and have made the election to do so, you must include in gross income one-tenth of the distribution each year for ten years. If you sell the property purchased with an IHA distribution before the end of the ten-year period, the remaining amount of the distribution not previously reported must be included in gross income in the year of sale. In addition, a penalty is added to your tax liability. Attach Form N-103, Sale of Your Home, to figure the additional tax liability.
- If you purchased residential property after December 31, 1996, with a distribution from an IHA established prior to January 1, 1990, and you have made the election to do so, you must include in gross income in the year the property is sold, conveyed, or transferred an amount equal to the amount of the distribution. In addition, a penalty is added to your gross income. Attach Form N-103, Sale of Your Home, to figure the additional gross income.
- If you use an IHA distribution for any purpose **other than** to purchase a first principal residence in Hawaii, or if you borrow against the IHA for such a purpose, the distribution (or the loan amount) is taxable, and a ten percent penalty tax is imposed. The additional tax is the same amount shown in Box 4 of Form N-2, Distribution from an Individual Housing Account, and must be included on line 26.
- If you establish an IHA and later marry a person owning residential property, the IHA will terminate and distribute all of the assets to you. In this case, you must include the total distribution in your gross income. No penalty tax is imposed, but the ten percent is still withheld. Be sure to claim the withheld amount on line 29.
- If an individual establishes an IHA and then dies or becomes totally disabled, special rules apply. Contact your district tax office for further information.

Peace Corps Compensation

If you received compensation for working with the Peace Corps, include the amount of that compensation on line c of the *Hawaii Additions Worksheet* on page 26.

Depreciation and Gain Adjustments When Certain Income Tax Credits Have Been Claimed

If you claimed the capital goods excise tax credit, hotel construction and remodeling tax credit, technology infrastructure renovation tax credit, or drought mitigating water storage facility income tax credit, and did not include the amount of the credit as income in the year in which it is properly recognized under your method of accounting, then your adjusted basis in the assets was decreased by the amount of the credit claimed.

- If you are claiming a **depreciation deduction** for any such asset, multiply the depreciation percentage for this taxable year by the amount of the applicable income tax credit. Add the results for all of your assets for which the applicable income tax credit was claimed, and enter this amount on line d of the *Hawaii Additions Worksheet* on page 26.
- If you **sold or otherwise disposed of** any such asset, your gain or loss will be different from that reported on your federal return. The difference will be the amount of the applicable income tax credit that has not already been recovered through depreciation deductions. Enter this amount on line e of the *Hawaii Additions Worksheet* on page 26. In addition, you may need to file Form N-312, Recapture of Capital Goods Excise Tax Credit; see Form N-312 for more information.

Temporary Employment Outside the U.S.

If, while you were a Hawaii resident, you worked outside the United States and you filed federal Form 2555 or 2555-EZ to exclude some of your earned income, you need to add back the amounts here because Hawaii does not have this exclusion. On line f of the *Hawaii Additions Worksheet* on page 26, enter:

- The amount on Form 2555-EZ, line 18; or
- The **sum of** Form 2555, line 43, and Form 2555, line 48.

Student Loan Interest Deduction

The student loan interest deduction may be different from the amount claimed on your federal return since your Hawaii modified adjusted gross income must be used in the computation instead of your federal modified adjusted gross income. Use the *Student Loan Interest Deduction Worksheet* on page 29 to determine if an adjustment needs to be made here.

Employer-Provided Adoption Benefits

The taxable portion of your employer-provided adoption benefits may be different from the amount claimed on your federal return since your Hawaii modified adjusted gross income must be used in the computation instead of your federal modified adjusted gross income. Use the *Adoption Benefits Worksheet* on page 29 to determine if an adjustment needs to be made here.

Owners of Certain Foreign Corporations

Certain foreign corporations are classified as Controlled Foreign Corporations (CFCs), Passive Foreign Investment Companies (PFICs), or Foreign Personal Holding Companies (FPHCs). Federal law requires that shareholders of these foreign companies recognize certain income earned by these companies before the companies distribute dividends. Hawaii has no comparable provisions. If you own one or more of these corporations, you had to file federal Form 5471, or you sold stock in any of these kinds of companies, call your district tax office for special instructions.

Other Adjustments

Note: *The special federal election for capital assets acquired in tax years beginning before January 1, 2001 (election under section 311 of the Taxpayer Relief Act of 1997) is not available for Hawaii income tax purposes.*

There may be other adjustments to federal AGI that are not discussed in these instructions. Such adjustments arise, for example, if a taxpayer makes an election for federal tax purposes (such as an IRC section 179 election) but does not make the same election for Hawaii tax purposes. If you believe that an additional adjustment is needed to arrive at Hawaii adjusted gross income, enter the amount of the adjustment on line i of the *Hawaii Additions Worksheet* on page 26, write "X" on the dotted line next to line 10, and attach an explanation to Form N-11 that includes the amount of the adjustment and how you calculated it.

Line 11

Total Hawaii Additions to Federal AGI

Add the amounts on lines 8, 9, and 10. Enter the result on this line.

Line 12

Add lines 7 and 11. Enter the result on this line.

Hawaii Subtractions from Federal AGI

Line 13

Pensions

Hawaii does not tax qualifying distributions from an employer-funded pension plan. If you received qualifying distributions from an employer-funded profit sharing, defined contribution, or defined benefit plan, or from a government retirement system (e.g., federal civil service, military pension, state or county retirement system), enter the qualifying amount here.

Nontaxable Distributions

The following lines describe what qualifying distributions are. These qualifying distributions were included in your federal AGI

and will be excluded on this line. For a distribution to qualify, it must be paid by a pension plan by reason of retirement, disability, or death. The pension plan does not have to be a "qualified plan" as defined in section 401 of the Internal Revenue Code.

Employer-Funded Pension Plans

The following three types of distributions are not taxed by Hawaii and do not need to be reported on Form N-12, however, include this on Form N-11, line 13:

(1) Pension or annuity distributions from a public (i.e., government) retirement system (e.g., federal civil service annuity, military pension, state or county retirement system).

(2) Distributions from a private employer pension plan received upon retirement (including early retirement and disability retirement) if the employee did not contribute to the pension plan.

(3) Distributions from a pension plan at age 70-1/2 that are made to comply with the federal mandatory payout rule do qualify as a retirement payment whether or not the employee is still working full time.

Distributions from a private employer pension plan received upon retirement are partially taxed by Hawaii if the employee contributed to the pension plan.

Rollover IRAs

A rollover IRA is treated as a continuation of the original plan that provided the money that is rolled over. If distributions from the original plan would be characterized as a qualified distribution, distributions out of the rollover IRA need not be reported as well.

Example - In 1997, an individual received a lump sum distribution from an employer-funded profit-sharing plan upon retirement. The individual did not contribute to the profit-sharing plan. The entire lump sum distribution was rolled over to an IRA. In 2001, the individual rolled over \$50,000 from the IRA to a Roth IRA. The entire amount rolled over to the Roth IRA represents the lump sum distribution received by the individual upon retirement and earnings thereon. Since the lump sum distribution that the individual received upon retirement qualifies as a pension, the amount rolled over from the regular IRA to the Roth IRA also qualifies as a pension. Therefore, the amount rolled over to the Roth IRA is exempt from Hawaii's income tax.

Taxable Pensions and Annuities

Early Distributions

Early distributions from a pension plan that are subject to the 10 percent federal penalty tax do not qualify and are taxable.

Deferred Compensation Plans

Distributions from a deferred compensation plan may be partly or fully taxable. A deferred compensation plan includes any plan in which the employee has a choice of whether to contribute money into the plan or take that amount in cash or property. Examples include 401(k) plans, salary reduction

Simplified Employee Pension (SARSEP) plans, the Federal Thrift Savings Plan, and section 457 plans like the State of Hawaii Deferred Compensation Plan.

Annuity Plans

Retirement vehicles that you fund yourself, such as annuity plans and Individual Retirement Accounts (IRAs) that are not funded through a Simplified Employee Pension (SEP) plan, are considered to be your own investments. Distributions from these plans may be fully or partly taxable, depending on whether your IRAs include deductible or nondeductible contributions. See federal Publication 590 and federal Form 8606, for more details.

Rollover IRAs

A rollover IRA is treated as a continuation of the original plan that provided the money that is rolled over. If distributions from the original plan would be characterized as taxable, distributions out of the rollover IRA would be taxable as well.

Example - In 1997, an individual received a lump sum distribution from an employer-funded profit-sharing plan upon separation from service before retirement. The individual did not contribute to the profit-sharing plan. The entire lump sum distribution was rolled over to an IRA. In 2001, the individual rolled over \$50,000 from the IRA to a Roth IRA. The entire amount rolled over to the Roth IRA represents the lump sum distribution received by the individual upon separation from service and earnings thereon. Since the lump sum distribution that the individual received upon separation from service does not qualify as a pension (the distribution is not paid upon retirement, disability, or death), the amount rolled over from the regular IRA to the Roth IRA also does not qualify as a pension. Therefore, the amount rolled over to the Roth IRA is taxable for Hawaii's income tax.

Hybrid Plans

If you received a distribution from a plan that is partly pension and partly deferred compensation, such as a 401(k) plan with a profit sharing component or an employer matching program, a SEP plan with employer contributions as well as a salary reduction option, or a similar hybrid plan, attach Schedule J to figure the taxable amount.

Lump-Sum Distributions

If you received a lump-sum distribution from a pension plan and you are electing to use the special ten-year averaging method, attach Schedule J and Form N-152, Tax on Lump Sum Distributions, to figure the taxable amount.

Note: If your lump-sum distribution included capital gain amounts, you may be able to reduce your tax by including the capital gain amounts on Form N-152 and electing the capital gains treatment. See Form N-152 Instructions for more information.

To compute the taxable portion of your annuity or pension, use Schedule J.

Caution: Certain transactions, such as loans against your interest in a qualified plan, may be treated as taxable distributions.

For more information on the taxation of

pensions, see sections 18-235-7-01 to 18-235-7-03, Hawaii Administrative Rules, Tax Information Release No. 90-4, "Taxability of Benefit Payments from Pension Plan to Participants who Attain Age 70-1/2 as Required by the Internal Revenue Code Section 401(a)(9)(C)", and Tax Information Release No. 96-5, "Taxation of Pensions Under the Hawaii Net Income Tax Law: Deferred Compensation Arrangements; Rollover IRAs; Sub-Accounts of Pension Plans; Social Security and Railroad Retirement Act Benefits; Limitation on Deductions for Contributions to a Nonqualified Plan".

Line 14

Social Security Benefits

Hawaii does not tax Social Security or first tier Railroad Retirement Act benefits. Enter the amount from Form 1040, line 20b, or Form 1040A, line 14b.

Line 15

Military Reserve or Hawaii National Guard Duty Pay Exclusion

Hawaii does not tax the first \$1,750 received by each member of the reserve components of the army, navy, air force, marine corps, coast guard of the United States of America, and the Hawaii national guard, as compensation for performance of duty as such. If you qualify, enter the **smaller** of:

- \$1,750, or
- Your pay, as shown on Box 16 of the Form W-2 sent to you by your reserve component.

If you are married filing a joint return, and you and your spouse qualify, add the exclusions for both of you and enter the total on line 15.

Line 16

Payments to an Individual Housing Account

You may be able to deduct from your gross income up to \$5,000 paid in cash during the taxable year into a trust account which is established for saving for a down payment on your first principal residence. A deduction not to exceed \$10,000 shall be allowed for a married couple filing a joint return. No deduction shall be allowed on any amounts distributed less than 365 days from the date on which a contribution is made to the account. Any deduction claimed for a previous taxable year for amounts distributed less than 365 days from the date on which a contribution was made shall be disallowed and the amount deducted shall be included in the previous taxable year's gross income and the tax reassessed. The account is to encourage first-time home buyers to save money for a down payment on a home.

The "first principal residence" means a residential property purchased with the payment or distribution from the individual housing account which shall be owned and occupied as the only home by an individual who did not

have any previous interest in, individually, or if the individual is married, whose spouse did not own any interest in a residential property inside or outside of Hawaii within the last 5 years prior to opening the IHA.

The amounts paid in cash allowable as a deduction for all taxable years are limited to \$25,000, in the aggregate, excluding interest earned or accrued. This limitation also applies to married individuals having separate accounts; the sum of such separate accounts and the deduction shall not exceed \$25,000 in the aggregate, excluding interest income earned or accrued.

For more details, consult your taxation district office.

Line 17

Other Hawaii Subtractions From Federal AGI

This line is used to report other items that are taxed by the federal government but are not taxed by Hawaii, such as:

- Interest on federal obligations, including U.S. Savings Bonds.
- Interest earned on an Individual Housing Account.
- Compensation earned by patients with Hansen's disease.
- Expenses not allowed on your federal return because they were connected with federal credits.
- Unearned income of children that you included in your federal return, if the children are filing Hawaii returns.
- Benefits from or premiums paid to legal services plans.
- Differences in the deduction for student loan interest.
- Differences in the taxable portion of employer-provided adoption benefits.
- Certain income from a qualified high technology business.
- Contributions to and interest earned by an individual development account.
- Undistributed income earned by certain foreign corporations.

These items are explained in more detail below.

Interest on Federal Obligations, Including U.S. Savings Bonds

If you reported for federal purposes any interest received on federal obligations, including Treasury bills and notes and U.S. Savings Bonds, enter the amount of that interest on line **a** of the *Hawaii Subtractions Worksheet* on page 26.

For more information about what kinds of obligations should be reported here, see Tax Information Release No. 84-1, "Taxability of Interest on U.S. Obligations".

If you filed federal Form 8815: If you redeemed U.S. Savings Bonds to pay for higher education tuition and fees and excluded some or all of the interest for federal purposes, subtract the amount from Form 8815, Line

14, before entering it on line **a**. That amount was already excluded on your federal return.

Hawaii Tax Refund Adjustment

See the instructions for line 10, *Taxable Refund of State Income Taxes*, on page 11. In some cases, the worksheet may call for an adjustment to be made here.

Interest on an Individual Housing Account

If you have an Individual Housing Account, enter the interest earned by the account, as it appears on federal Form 1099-INT, on line **c** of the *Hawaii Subtractions Worksheet* on page 26.

Patients With Hansen's Disease

Hawaii does not tax compensation by Hawaii or the U.S. to a patient affected with Hansen's disease (also known as leprosy). Enter the amount of the qualifying compensation on line **d** of the *Hawaii Subtractions Worksheet* on page 26.

Expenses Disallowed Because They Were Connected with Federal Credits

If you are a business taxpayer; you claimed the federal Indian employment credit, the targeted jobs credit, or the credit for qualified clinical testing expenses; and some of your business expenses were disallowed because you took the credits (section 280C, Internal Revenue Code), enter the amount of the disallowed expenses on line **e** of the *Hawaii Subtractions Worksheet* on page 26. Hawaii does not have those credits, and does allow the expense deductions.

Children Having Unearned Income

If you filed federal Form 8814, Parent's Election to Report Child's Interest and Dividends, and you **are not** filing Form N-814 because your child will file a Hawaii tax return, enter the total amount from line 6 of federal Form(s) 8814 on line **f** of the *Hawaii Subtractions Worksheet* on page 26. Attach a copy of Form(s) 8814.

Legal Services Plans

If you received benefits from a qualified group legal services plan or if your employer contributed to a group legal services plan, and you reported these benefits or contributions as taxable income on your federal return, check with your plan to see that it qualifies under Hawaii standards. If it does, Hawaii will not tax these amounts. Enter the amount of federally taxable benefits or contributions on line **g** of the *Hawaii Subtractions Worksheet* on page 26.

Student Loan Interest Deduction

The student loan interest deduction may be different from the amount claimed on your federal return since your Hawaii modified adjusted gross income must be used in the computation instead of your federal modified adjusted gross income. Use the Student Loan Interest Deduction Worksheet on page 29 to determine if an adjustment needs to be made here.

Employer-Provided Adoption Benefits

The taxable portion of your employer-provided adoption benefits may be different from the amount claimed on your federal return since your Hawaii modified adjusted gross income must be used in the computation instead of your federal modified adjusted gross income. Use the *Adoption Benefits Worksheet* on page 29 to determine if an adjustment needs to be made here.

Certain Income from a Qualified High Technology Business

• **Royalties and other income derived from patents, copyrights, and trade secrets.** Amounts received by an individual or a qualified high technology business as royalties and other income derived from patents, copyrights, and trade secrets (1) owned by the individual or qualified high technology business, and (2) developed and arising out of a qualified high technology business are excluded from gross income, adjusted gross income, and taxable income. If you reported these amounts for federal purposes, include that amount on line **j** of the *Hawaii Subtractions Worksheet* on page 26.

• **Stock options income from qualified high technology business.** All income earned and proceeds derived from stock options or stock, including stock issued through the exercise of stock options or warrants, from a qualified high technology business or from a holding company of a qualified high technology business by an employee, officer, or director of the qualified high technology business, or investor who qualifies for the high technology business investment tax credit is excluded from income taxes. If you reported these amounts for federal purposes, include that amount on line **j** of the *Hawaii Subtractions Worksheet* on page 26.

• **Proceeds from the sale of a qualified high technology business' net operating loss.** The income from the sale of the net operating loss carryover received by a qualified high technology business is not considered taxable income. If you reported these amounts for federal purposes, include that amount on line **j** of the *Hawaii Subtractions Worksheet* on page 26.

Individual Development Accounts

If you have an individual development account, enter the amount of contributions you made to the account, and the amount of interest earned by the account (as it appears on federal Form 1099-INT) on line **k** of the *Hawaii Subtractions Worksheet* on page 26.

Owners of Certain Foreign Corporations

If you own an interest in a CFC, PFIC, or FPHC, you had to file federal Form 5471, or you sold stock in any of these kinds of companies, see page 12 for further information, and call your district tax office for special instructions.

Other Adjustments

Note: The special federal election for capital assets acquired in tax years beginning before January 1, 2001 (election under section 311 of the Taxpayer Relief Act of 1997) is not available for Hawaii income tax purposes.

Note: The capital loss carryover for qualified high technology businesses is 15 years.

Note: Act 297, Session Laws of Hawaii 2000, provides that a qualified high technology business may apply to the Hawaii Department of Taxation to sell its unused net operating loss carryover to another taxpayer (after December 31, 2000, and before January 1, 2004). The buyer shall claim the purchased net operating loss deduction in the year in which the sale is approved. If you purchased a qualifying net operating loss from a qualified high technology business, include the amount of the purchased net operating loss on this line. Also, attach a statement to your tax return with the following information: 1) name(s) and identification number(s) of the qualified high technology business(es) from which the net operating loss(es) was purchased, 2) amount of the net operating loss purchased from each qualified high technology business, and 3) amount paid to the qualified high technology business for the net operating loss.

There may be other adjustments to federal AGI that are not discussed in these instructions. Such adjustments arise, for example, if a taxpayer makes an election for Hawaii tax purposes (such as an IRC section 179 election) but does not make the same election for federal tax purposes. If you believe you are entitled to an additional subtraction to arrive at Hawaii adjusted gross income, enter the amount of the adjustment on line 1 of the *Hawaii Subtractions Worksheet* on page 26, write "X" on the dotted line next to line 17, and attach an explanation to Form N-11 that includes the amount of the adjustment and how you calculated it.

Line 18

Total Hawaii Subtractions from Federal AGI

Add the amounts on lines 13 through 17. Enter the result on this line.

Line 19

Hawaii Adjusted Gross Income

Subtract line 18 from line 12. Enter the result on this line. If line 18 is larger than line 12, you may have a net operating loss that you can carry to another tax year. If you carry the loss back to earlier years, see Form N-109, Application for Tentative Refund from Carryback of Net Operating Loss.

Deductions and Taxable Income Computation

Note: If you can be claimed as a dependent on another person's return, check the box

above line 20. Complete the "Standard Deduction for Dependents" worksheet on page 20 and enter the appropriate amount on line 21 if you do not itemize your deductions.

Lines 20a to 20f

Itemized Deductions

Taxpayers who itemize their deductions may deduct certain kinds of expenses from their adjusted gross income.

Taxpayers who do not itemize their deductions may reduce their adjusted gross income by the amount of the standard deduction appropriate to their filing status. The amount of the standard deduction is determined on line 21.

You will fall into one of the following three classes:

- You **MUST** itemize deductions,
- You choose to itemize, or
- You do not itemize.

The three classes are described as follows:

You **MUST** Itemize Deductions

You must itemize deductions if:

- You are married, filing a separate return, and your spouse itemizes.
- You are making a return under IRC section 443(a)(1) for a period of less than 12 months because of a change in your annual accounting period.

You Choose to Itemize

You may choose to itemize your deductions if you are:

- Married and filing a joint return, or a qualifying widow(er) with dependent child, and your itemized deductions are more than \$1,900.
- Married and filing a separate return, and your itemized deductions are more than \$950.
- Single, and your itemized deductions are more than \$1,500.
- Head of Household, and your itemized deductions are more than \$1,650.
- A dependent of another taxpayer and your itemized deductions are more than the greater of (1) \$500 or (2) your earned income up to the amount of the standard deduction for your filing status.

You Do Not Itemize

If your itemized deductions are less than the amount shown above for your filing status (or you choose not to itemize), go to line 21 and enter your standard deduction amount there (unless you **MUST** itemize as described earlier).

If you itemize, you can deduct part of your medical and dental expenses, and amounts you paid for certain taxes, interest, contributions, casualty and theft losses, and other miscellaneous expenses. These deductions are explained on the pages that follow.

If you do itemize, complete *Worksheets A-1 through A-6* and enter the amounts on Form N-11, lines 20a to 20f (or Form N-12, lines 34a to 34f).

Line 20a

Medical and Dental Expenses

Before you can figure your total deduction for medical and dental expenses, you must first figure your adjusted gross income.

If you itemized deductions on your 2001 federal return, enter the number from line 1 of federal Form 1040, Schedule A on *Worksheet A-1*, line 1.

If you did **not** itemize on your 2001 federal return, consult the instructions below to see which medical and dental expenses you may deduct.

Only that part of your medical and dental expenses that is more than 7.5% of your Hawaii adjusted gross income is deductible. To figure this amount, use *Worksheet A-1*.

On *Worksheet A-1*, line 1, include medical and dental bills you paid for:

- Yourself;
- Your spouse;
- All dependents you list on your return;
- Your child whom you do not claim as a dependent because of the rules explained on page 10 for *Children of Divorced or Separated Parents*; and
- Any person that you could have listed as a dependent on your return if that person had not received \$2,900 or more of gross income or had not filed a joint return.

Example—You provided more than half of your mother's support but cannot list her as a dependent because she received \$2,900 of wages during 2001. If part of your support was the payment of her medical bills, you can include that part in your medical expenses.

You should include all amounts you paid during 2001, but do not include amounts repaid to you, or paid to anyone else, by hospital, health or accident insurance, or by your employer, or paid through a medical savings account.

Examples of Medical and Dental Payments You CAN Deduct

To the extent you were not reimbursed, you can deduct what you paid for:

- Qualified long-term care services.
- Premiums for qualified long-term care contracts, subject to dollar limitations based on a person's age. See the federal instructions to Form 1040 for the dollar limits.
- Hospital, medical, dental, and extra Medicare (Medicare B) insurance.
- Prescription drugs and insulin.
- Medical doctors, dentists, eye doctors, gynecologists, chiropractors, osteopaths, podiatrists, psychiatrists, psychologists, physical therapists, acupuncturists, and psychoanalysts (medical care only).
- Medical examinations, X-ray and laboratory services, insulin treatment, and whirlpool baths the doctor ordered.
- Nursing help. If you pay someone to do both nursing and housework, you can deduct only the cost of nursing help.

- Hospital care (including meals and lodging), clinic costs, lab fees.
- Medical treatment at a center for drug or alcohol addiction.
- Medical aids such as hearing aids (and batteries), false teeth, eyeglasses, contact lenses, braces, orthopedic shoes, crutches, wheelchairs, guide dogs and the cost of maintaining the dogs.
- Ambulance service and other travel costs to get medical care. If you used your own car, you can claim what you spent for gas and oil to go to and from the place you received medical care; or you can claim 12 cents a mile. Add parking and tolls to the amount you claim under either method.
- Cosmetic surgery or procedure that is necessary to correct a deformity arising from, or directly related to:
 - A congenital abnormality;
 - a personal injury resulting from an accident or trauma; or
 - a disfiguring disease.

Examples of Medical and Dental Payments You CANNOT Deduct

You cannot deduct the following:

- The basic cost of Medicare insurance (Medicare A).
- Note:** If you are 65 or over and are not entitled to social security benefits, you may deduct premiums you voluntarily paid for Medicare A coverage.
- Life insurance or income protection policies.
 - The 1.45% hospital insurance benefits tax withheld from your pay as part of the social security tax or paid as part of the self-employment tax.
 - Nursing care for a healthy baby. (You may qualify for the child care credit; see Schedule X, Part III.)
 - Illegal operations or drugs.
 - Nonprescription medicines or drugs.
 - Travel your doctor told you to take for rest or change.
 - Funeral, burial, or cremation costs.
 - Amounts paid for cosmetic surgery which is directed at improving the appearance and does not meaningfully promote the proper function of the body or prevent or treat illness or disease.

Note: If expenses for cosmetic surgery are NOT deductible as medical expenses, then amounts paid for insurance coverage for such expenses are NOT deductible. Furthermore, if an employer health plan reimburses you for such expenses, the reimbursement must be included in your gross income.

Line 20b Taxes

Certain taxes you paid during the year can be deducted.

If you itemized deductions on your 2001 federal return, you may enter the same amount

from Form 1040, Schedule A, line 9 on Form N-11, line 20b (or Form N-12, line 34b).

Exception: If you are a federal employee receiving a Cost Of Living Allowance (COLA), not all of your Hawaii income taxes are deductible for federal purposes. (See IRS Revenue Ruling 74-140, 1974-1 C.B. 50, for more information.) Enter on line 5 of *Worksheet A-2* on page 26 the **entire** amount of state and local income taxes you paid in 2001, even if you reported a different amount on line 5 of federal Form 1040, Schedule A. Enter the amounts from lines 6, 7, and 8 of federal Schedule A on lines 6, 7, and 8, respectively, of *Worksheet A-2*.

If you did **not** itemize deductions on your 2001 federal return, complete *Worksheet A-2*.

Taxes You CAN Deduct

State and Local Income Taxes

Include on this line:

- State and local income taxes withheld from your salary (as shown on your Form W-2) and withheld from your unemployment compensation (as shown on your Form 1099-G) and any estimated tax payments made in 2001, including payments for a prior year;
- Any part of a prior year refund of state or local income taxes that you chose to have credited to your 2001 estimated state or local income taxes; and
- The NET amount of taxes withheld from the sale of Hawaii real property interests.

Do not reduce your deduction by any tax refund or credit for prior year state and local income taxes you received in 2001. See instead the instructions for line 10, Form N-11.

For more information about the treatment of taxes withheld from the sale of real property interests, contact your district tax office.

Real Estate Taxes

Include taxes that you paid on property you own that was not used for business.

If your mortgage payments include your real estate taxes, deduct only the amount equal to the real estate taxes actually paid by the mortgage company to the taxing authority.

Other Taxes

If you had any deductible tax not listed on *Worksheet A-2*, lines 5, 6, or 7 (such as foreign income taxes that you want to deduct instead of taking a credit), write the amount on *Worksheet A-2*, line 8.

Taxes You CANNOT Deduct

- Federal income tax.
- Social security tax (FICA).
- Medicare tax.
- Railroad retirement tax (RTTA).
- Federal excise tax on personal property, transportation, telephone, and gasoline.
- Customs duties.
- Federal estate and gift taxes. (However, see *Miscellaneous Deductions* on page 18.)
- Certain state and local taxes, including:
 - a. General sales taxes.

- b. Tax on gasoline.
- c. Hawaii motor vehicle registration fees, including car inspection fees.
- d. Tax on liquor, beer, wine, cigarettes, and tobacco.
- e. Assessments for sidewalks or other improvements to your property.
- f. Taxes paid for your business or profession. (These business taxes are deducted elsewhere.)
- g. Tax you paid for someone else.
- h. License fees. (Marriage, driver's, dog, hunting, auto, etc.)
- i. Inheritance tax.

Line 20c

Interest You Paid

If you itemized deductions on your 2001 federal return, you may write the amount from line 14 of your 2001 federal Schedule A on Form N-11, line 20c (or Form N-12, line 34c). You need not complete *Worksheet A-3* on page 26.

Exception: If you had to file a 2001 federal Form 4952, you must refigure your investment interest deduction for state tax purposes on Hawaii Form N-158. Enter the amount from Form N-158 on line 13 of *Worksheet A-3*. Enter the amounts from lines 10, 11, and 12 of federal Form 1040, Schedule A, on the corresponding lines of *Worksheet A-3*. Attach Form N-158 to your return.

If you did **not** itemize deductions on your 2001 federal return, complete *Worksheet A-3*.

You should show on *Worksheet A-3* interest on non-business items only. Business-related interest is deducted elsewhere.

Except for certain mortgage interest, the amount of your personal interest expense (such as credit card interest) is **not** allowed as an itemized deduction on *Worksheet A-3*.

Home Mortgage Interest

In most cases, you will be able to deduct all of your home mortgage interest. The following rules apply to any loans secured by your main home, including first and second mortgages, home equity loans and refinanced mortgages. Whether your home mortgage interest is deductible depends on the date you took out the mortgage, the amount of the mortgage and your use of its proceeds.

If ALL of your mortgages fit into one or more of categories **a**, **b**, and **c** below, you can deduct all of the interest on those mortgages and report it on *Worksheet A-3*, line 10 or 11, whichever applies. If one or more of your mortgages **does not** fit into any of the categories below, get federal Publication 936, Limits on Home Mortgage Interest Deduction, to figure the amount of interest you can deduct.

a. Mortgages you took out on your main home ON or BEFORE October 13, 1987. These mortgages also include line-of-credit mortgages you had on October 13, 1987, and mortgages you had on October 13, 1987, that you refinanced after that date. But see *Special Rules* if you refinanced or borrowed ad-

ditional amounts on a line-of-credit mortgage after October 13, 1987.

b. Mortgages you took out on your main home AFTER October 13, 1987, to buy, build, or improve your home, but only if these mortgages plus any mortgages in **a.** above totaled \$1 million or less throughout 2001. The limit is \$500,000 or less if married filing separately.

c. Mortgages you took out AFTER October 13, 1987, on your main home, OTHER THAN to buy, build, or improve your home, but only if these mortgages totaled \$100,000 or less throughout 2001. The limit is \$50,000 or less if married filing separately.

An example of a mortgage used for purposes other than to buy, build, or improve your home is a home equity loan you used to pay off credit card bills, to buy a car, or to pay tuition costs.

Special Rules

Refinanced Mortgages. If you had a mortgage on your home on October 13, 1987, and refinanced it after that date for no more than the balance of the existing mortgage, all of the new mortgage is treated as a mortgage described in **a** above. But, if you refinanced it for more than the balance of the existing mortgage, only the part of the new mortgage equal to the amount you owed on the mortgage at the time you refinanced is treated as a mortgage described in **a.** The part of the new mortgage that is more than the balance of the existing mortgage is a mortgage described in **b** or **c** (or **b** and **c** if a mixed-use mortgage—see below).

Line-of-Credit Mortgages. If you had a line-of-credit mortgage on your home on October 13, 1987, and you borrowed additional amounts on this line of credit after that date, the additional amounts borrowed are treated as a mortgage taken out after October 13, 1987, and are subject to the rules under **b** or **c** (or **b** and **c** if a mixed-use mortgage—see below).

Mixed-Use Mortgages. If you took out a new mortgage after October 13, 1987 (including refinancing for more than what you owe or borrowing additional amounts on a line-of-credit mortgage you had on October 13, 1987) for purposes described in both **b** and **c** above, you have a mixed-use mortgage. The mortgage proceeds used to buy, build, or improve the home fit into category **b** and the rest of the proceeds fit into category **c.**

Example: You took out a mortgage on your home for \$200,000 in 1980. You file as single for 2001. In March 2001, when the home had a fair market value of \$400,000 and you owed \$195,000 on the mortgage, you took out a home equity loan for \$120,000. In 2001, you used \$90,000 of the home equity loan proceeds for home improvements, and \$30,000 for other purposes. You can deduct all of the interest on both mortgages. The first mortgage qualifies because it was taken out on or before October 13, 1987. The home equity loan qualifies under the dollar limits in **b** and **c.** The part of the mortgage subject to the dollar limit in **b** (\$90,000) plus the first mortgage

of \$195,000 totaled less than \$1 million. The part of the mortgage subject to the dollar limit in **c** (\$30,000) was less than \$100,000.

Note: Additional limits apply if the total amount of all mortgages exceeds the fair market value of the home. See federal Publication 936.

What is a Home. A home may be a house, condominium, cooperative, mobile home, boat, or similar property. It must provide basic living accommodations including sleeping space, a toilet, and cooking facilities.

More Than One Home. If you had a main home and a second home, the dollar limits explained in **b** and **c** above apply to the total mortgages on both homes.

Investment Interest

Investment interest is interest paid on money you borrowed that is allocable to property held for investment. It does not include any interest allocable to a passive activity.

Note: Act 221, Session Laws of Hawaii 2001, provides that expenses and interest for royalties and other income derived from any patents, copyrights, and trade secrets by an individual or a qualified high technology business are deductible.

Complete and attach Form N-158, Investment Interest Expense Deduction, to figure your deduction.

Exception. You do not have to file Form N-158 if ALL of the following apply:

- Your only investment income was from interest or dividends,
- You have no other deductible expenses connected with the production of the interest or dividends,
- Your investment interest expense is not more than your investment income,
- You have no carryovers of investment interest expense from 2000, and
- You have no passive activity losses.

For more details, get federal Publication 550, Investment Income and Expenses.

Interest Expense You CANNOT Deduct

Do not include the interest you paid for—

- Personal interest, such as credit cards and automobile loans.
- Indebtedness of another person, when you are not legally liable for payment of the interest.
- A gambling debt or other unenforceable obligation.
- A life insurance loan, if interest is added to the loan and you report on the cash basis.
- Money you borrowed to buy tax-exempt securities or single-premium life insurance.
- Any kind of business-related interest. Business interest expenses are reported elsewhere.

See the instructions for federal Form 1040, Schedule A—Interest Expense for more information.

Line 20d

Gifts to Charity

Note: Matching contributions to a fiduciary organization pursuant to chapter 257, HRS, Individual Development Account, qualifies as a charitable deduction. However, the individual development account contribution tax credit will not be allowed for the portion of the contribution for which the charitable deduction was taken.

If you itemized deductions on your 2001 federal return, write the amount from line 18 of Form 1040, Schedule A on Form N-11, line 20d (or Form N-12, line 34d). You need not complete *Worksheet A-4* on page 26.

Exception: You should complete *Worksheet A-4* on page 26 if:

- Your charitable contribution deduction was limited based upon your federal adjusted gross income. You must refigure your charitable contribution deduction for state tax purposes using your Hawaii adjusted gross income, or
- You have a contribution carryover from prior years and the amount is different for federal and State tax purposes.

If you did **not** itemize deductions on your 2001 federal return, complete *Worksheet A-4* on page 26.

Contributions You CAN Deduct

You may deduct what you gave to organizations that are religious, charitable, educational, scientific, or literary in purpose. You may also deduct what you gave to organizations that work to prevent cruelty to children or animals. An organization that tells you it is a "501(c)(3) organization" is telling you that it falls into this category.

Examples of these organizations are:

- Churches, temples, synagogues, Salvation Army, Red Cross, CARE, Goodwill Industries, United Way, Boy Scouts, Girl Scouts, Boys Club of America, etc.
- Fraternal orders, if the gifts will be used for the purposes listed above.
- Veterans' and certain cultural groups.
- Nonprofit schools, hospitals, and organizations whose purpose is to find a cure for or help people who have arthritis, asthma, birth defects, cancer, cerebral palsy, cystic fibrosis, diabetes, heart disease, hemophilia, mental illness or retardation, multiple sclerosis, muscular dystrophy, tuberculosis, etc.
- Federal, State, and local governments if the gifts are solely for public purposes.

Contributions can be cash (including checks and money orders), property, or out-of-pocket expenses you paid to do volunteer work for the kinds of organizations described above. If you drive to and from the volunteer work, you can take 14 cents a mile or the actual cost of gas and oil. Add parking and tolls to the amount you claim under either method. But don't deduct any amounts that were repaid to you.

If you made a gift and received a benefit in return, such as food, entertainment, or merchandise, you may deduct only the amount that is more than the value of the benefit. For example, if you paid \$70 to a charitable organization to attend a fund raising dinner and the value of the dinner was \$40, you may deduct only \$30.

If you do not know whether you can deduct what you gave to an organization, check with that organization or with your taxation district office.

Contributions You CANNOT Deduct

- Political contributions (but see the instructions for Miscellaneous Deductions, line 20f).
- Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups.
- Cost of raffle, bingo, or lottery tickets.
- Tuition to a private school.
- The value of your time or services.
- Value of blood given to a blood bank.
- The transfer of a future interest in tangible personal property (generally until the entire interest has been transferred).
- Gifts to:
 - a. Individuals.
 - b. Foreign organizations.
 - c. Groups that are run for personal profit.
 - d. Groups whose purpose is to lobby for changes in the law.
 - e. Civic leagues, social and sports clubs, labor unions, and chambers of commerce.

Limit on the Amount You May Deduct

See federal Publication 526 to figure the amount of your deduction if any of the following applies:

- Your cash contributions, or contributions of ordinary income property, are more than 30% of your Hawaii adjusted gross income.
- Your gifts of capital gain property are more than 20% of your Hawaii adjusted gross income.
- You gave gifts of property that increased in value, or gave gifts of the use of property.

Gifts by Cash or Check

On *Worksheet A-4*, line 15, enter the total contributions you made in cash or by check (including out-of-pocket expenses).

Note: Charitable contributions of \$250 or more must be substantiated by a written acknowledgment from the donee organization to be deductible.

Other Than by Cash or Check

On *Worksheet A-4*, line 16, enter the total contributions you made other than by cash or check. If you gave property, you should keep records stating the kind of property you gave, the name of the organization you gave it to, the date you gave it, how you figured its value at the time you gave it, and whether it was capital gain or ordinary income property. If you determine the value of a gift by an appraisal, keep a signed copy of it.

For gifts valued at over \$500, attach a statement to Form N-11 or Form N-12 showing:

- a. The address of the organization.
- b. A description of the property.
- c. Any condition attached to the gift.
- d. How you got the property.
- e. The cost or other basis of the property if:
 1. You owned it less than five years, or
 2. You must reduce it by any ordinary income or capital gain that would have resulted if the property had been sold at its fair market value.
- f. How you figured your deduction if you choose to reduce your deduction for contributions of capital gain property.
- g. If the gift was a "qualified conservation contribution" under IRC section 170(h), also include the fair market value of the underlying property before and after the gift, the type of legal interest donated, and describe the conservation purpose furthered by the gift. A copy of federal Form 8283 may be used for this purpose.

If you donate property to an organization for which you claim a deduction of over \$5,000 (\$10,000 for stock except publicly traded stock) for a single item (plus all similar items donated to one or more organizations), you must attach an appraisal of the donated property's fair market value to your return. The appraisal must be obtained from a qualified independent appraiser. A copy of federal Form 8283 may be used for this purpose as well.

If you gave used items, such as clothing or furniture, deduct their fair market value at the time you gave them. Fair market value is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale.

Line 20e

Casualty and Theft Losses

Use line 20e to report casualty or theft loss(es) of property that is not trade, business, or rent or royalty property. Complete federal Form(s) 4684, Casualties and Thefts, to figure your loss. Write the amount from line 16 of Form 4684 on line 19 of *Worksheet A-5* on page 26, fill in *Worksheet A-5*, and attach a copy of federal Form(s) 4684 to Form N-11 or Form N-12.

Losses You CAN Deduct

You may be able to deduct all or part of each loss caused by theft, vandalism, fire, storm, and car, boat, and other accidents or similar causes.

If you have a nonbusiness casualty loss that is covered by insurance, you cannot take the casualty loss deduction unless you file a timely insurance claim for that loss. You can deduct nonbusiness casualty or theft losses only to the extent that:

- a. The amount of EACH separate loss is more than \$100, and
- b. The total amount of ALL losses during the year is more than 10% of your adjusted gross income.

You may also deduct the costs of proving that you had a property loss. Examples of these costs are appraisal fees and photographs used to establish the amount of your loss.

Losses You CANNOT Deduct

- Money or property misplaced or lost.
- Breakage of china, glassware, furniture, and similar items under normal conditions.
- Progressive damage to property (buildings, clothes, trees, etc.) caused by termites, moths, other insects, or disease.

Line 20f

Miscellaneous Deductions

If you did not itemize deductions on your 2001 federal return, complete *Worksheet A-6* on page 26.

If you itemized deductions on your 2001 federal return, take the amounts on Form 1040, Schedule A, lines 23 and 27 and write them on lines 23 and 27 of *Worksheet A-6* on page 26. Then, complete the worksheet starting from line 24.

Note: If you made political contributions in 2001, you may be able to deduct some or all of your contributions regardless of the amount of your adjusted gross income. See Political Contributions on page 19.

In General

Most miscellaneous deductions cannot be deducted in full. You must subtract 2% of your adjusted gross income from the total.

Generally, the 2% limit applies to job expenses you paid for which you were not reimbursed (line 20). The limit also applies to tax preparation fees (line 21) and certain expenses you paid to produce or collect taxable income or certain tax-exempt income (line 22).

The 2% limit does not apply to certain other miscellaneous expenses that you may deduct. These expenses can be deducted in full on lines 27 and 28. Gambling losses (to the extent of winnings) and certain job expenses of handicapped employees can be deducted on line 27. See federal Publication 529, Miscellaneous Deductions, for more information.

Expenses Subject to the 2% Limit

Employee Business Expenses

On *Worksheet A-6*, line 20, report job expenses you paid for which you were not reimbursed. Attach a copy of federal Form 2106 or 2106-EZ, if:

1. You claim any travel, transportation, meal, or entertainment expenses for your job; or
2. Your employer paid you for any of your job expenses reportable on *Worksheet A-6*, line 20.

Examples of expenses to include on line 20 of *Worksheet A-6* are:

- Travel, transportation, meal, or entertainment expenses.
- Union dues.
- Safety equipment, small tools, and supplies you needed for your job.
- Uniforms your employer said you must have, and which you may not usually wear away from work.

- Protective clothing required in your work, such as hard hats, and safety shoes and glasses.
- Physical examinations your employer said you must have.
- Dues to professional organizations and chambers of commerce.
- Subscriptions to professional journals.
- Fees to employment agencies and other costs to look for a new job in your present occupation, even if you do not get a new job.
- Business use of part of your home, but only if you use that part exclusively and on a regular basis in your work and for the convenience of your employer. For details, including limits that apply, see federal Publication 587, Business Use of Your Home.
- Education expenses you paid that were required by your employer, or by law or regulations, to keep your salary or job. In general, you may also include the cost of keeping or improving skills you must have in your job. For more details, see federal Publication 508, Educational Expenses. Some education expenses are not deductible. See *Expenses You MAY NOT Deduct* on this page.

Tax Preparation Fees

On *Worksheet A-6*, line 21, enter the total fees you paid to prepare your federal and Hawaii tax return, including fees paid for filing your return electronically. But **do not** include fees deducted elsewhere, such as business expenses.

Other Expenses

Note: *Act 221, Session Laws of Hawaii 2001, provides that expenses and interest for royalties and other income derived from any patents, copyrights, and trade secrets by an individual or a qualified high technology business are deductible.*

On *Worksheet A-6*, line 22, enter the total amount you paid to produce or collect taxable income and certain tax-exempt income as stated in the above note, and manage or protect property held for earning income. But **do not** include expenses deducted elsewhere. Attach a statement showing the type and amount of each expense to Form N-11 or N-12. Examples of these expenses are:

- Safe deposit box rental.
- Certain legal and accounting fees.
- Clerical help and office rent.
- Custodial (e.g. trust account) fees.
- Your share of the investment expenses of a regulated investment company.
- Certain losses on uninsured deposits in an insolvent or bankrupt financial institution. For details, including limits on the amount you can deduct, see federal Publication 529.
- Deduction for repayment of amounts under a claim of right whether more or less than \$3,000. See *Repayments* in federal Publication 525, Taxable and Nontaxable Income, for more information.
- Certain expenses related to an activity not engaged in for profit. For details, get federal Publication 535, Business Expenses.

- Amount paid for the purchase of a net operating loss from a qualified high technology business.

Expenses NOT Subject to the 2% Limit

Other Deductions

List only the following expenses on *Worksheet A-6*, Line 27:

- Gambling losses, but only to the extent of gambling winnings that were reported on federal Form 1040, line 21, or Form N-12, line 18.
- Federal estate tax on income in respect of a decedent.
- Amortizable bond premium on bonds acquired before October 23, 1986.
- Certain unrecovered investment in an annuity (IRC section 72(b)(3)). For details, see federal Publication 575, Pension and Annuity Income.
- Impairment-related work expenses of a handicapped person.

List the type and amount of each expense and attach a copy of the list to your return. Enter one total in the amount space for line 27. For more information on these expenses, get federal Publication 529, Miscellaneous Deductions.

Note: Repayments under a claim of right over \$3,000 are subject to the 2% limitation for Hawaii income tax purposes.

Political Contributions

On line 28 of *Worksheet A-6*, list:

- Political contributions not in excess of \$250 in the year (up to \$500 on a joint return) to a central or county committee of a political party whose candidate was on the ballot for the immediately previous general election; and
- Contributions to **candidates** who agreed to abide by the campaign spending limits set by law, but you can't deduct more than \$1,000 in a year (\$2,000 on a joint return) total, and you can't deduct more than \$250 (\$500 on a joint return) to any one candidate.

In order to claim a deduction to candidates who agreed to abide by the campaign spending limits, you must attach a receipt to Form N-11 or Form N-12. Canceled checks or copies of the same shall be considered adequate forms of receipt.

If you do not know whether the candidate agreed to abide by the campaign spending limits, contact your district tax office.

Expenses You MAY NOT Deduct

Some expenses are not deductible at all. Examples are:

- Political contributions to candidates who did not agree to abide by the campaign spending limits.
- Personal legal expenses.
- Lost or misplaced cash or property (but see casualty and theft losses).
- Expenses for meals during regular or extra

work hours.

- The cost of entertaining friends.
- Expenses of going to or from work.
- Education that you need to meet minimum requirements for your job or that will qualify you for a new occupation.
- Expenses of:
 - a. Travel as a form of education.
 - b. Attending a seminar, convention, or similar meeting unless it is related to your employment.
 - c. Adopting a child, including a child with special needs.
- Fines and penalties.
- Expenses of producing tax-exempt income, except for expenses for royalties and other income derived from any patents, copyrights, and trade secrets by an individual or a qualified high technology business.

Line 21

Total Itemized Deductions or Standard Deduction

Dependents

If your parent (or someone else) can claim you as a dependent on his or her return (even if that person chose not to claim you), check the box above line 20. If you are claiming the standard deduction, see **Standard Deduction for Dependents** on this page to figure your standard deduction.

Itemized Deductions

Your state income tax will be less if the total of your itemized deductions is larger than the standard deduction. To figure your itemized deductions, fill in lines 20a to 20f.

If the amount on Form N-11, line 19, is \$100,000 or less (\$50,000 if married filing separately), add lines 20a through 20f, and enter the result on line 21.

If the amount on Form N-11, line 19, is more than \$100,000 (\$50,000 if married filing separately), you may not be able to deduct all of your itemized deductions. Use the *Total Itemized Deductions Worksheet* on page 27 to figure the amount you may deduct.

Standard Deduction

Taxpayers who do not itemize their deductions may reduce their adjusted gross income by the amount of the standard deduction appropriate to their filing status. The amount of the standard deduction for each filing status is listed below:

<u>Filing Status</u>	<u>Standard Deduction</u>
Single	\$1,500
Married filing jointly	1,900
Married filing separately	950
Head of Household	1,650
Qualifying Widow(er)	1,900

Standard Deduction for Dependents. If you can be claimed as a dependent by someone else and you do not itemize your deductions, your standard deduction is limited to the greater of \$500 or your earned income (up to the full standard deduction for your filing status). The standard deduction for an individual who can be claimed as a dependent on

the tax return of another taxpayer is computed as follows.

- A.** Enter your earned income (defined below). If none, enter zero.....**A.**
- B.** Minimum amount**B.** 500.00
- C.** Compare the amounts on lines A and B above. Enter the LARGER of the two amounts here.....**C.**
- D.** Maximum amount. Enter the full standard deduction for your filing status, shown in the chart above, here**D.**
- E.** Compare the amounts on lines C and D above. Enter the SMALLER of the two amounts here and on Form N-11, line 21.**E.**

Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income. Generally, your earned income is the total of the amounts you reported on Form 1040, lines 7 (wages), 12 (business income), and 18 (farming income), minus the amount, if any, on line 27 (deduction for self-employment tax).

Line 22

Line 19 minus line 21.

Line 23

Exemptions

Regular Exemptions

Residents are allowed \$1,040 for each exemption they can claim. Multiply \$1,040 by the total number of exemptions you claimed on line 6e. **Remember, if you can be claimed as a dependent on another person's tax return, you may not claim an exemption for yourself.**

Blind, Deaf, or Totally Disabled — Definition, Certification, and Exemptions

Check the appropriate box(es) on line 23 if you are blind, deaf or totally disabled and your impairment has been certified. You **must** submit a completed Form N-172 prior to filing your return in order to claim this exemption. **If you do not, the exemption will be disallowed and your return processed without the disability exemption(s) claimed.**

“Blind” means a person whose central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or whose visual acuity is greater than 20/200 but is accompanied by a limitation in the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

“Deaf” means a person whose average loss in the speech frequencies (500-2000 Hertz) in the better ear is 82 decibels, A.S.A., or worse.

“Person totally disabled” means a person who is totally and permanently disabled, either physically or mentally, which results in the person's inability to engage in any substantial gainful business or occupation. It is presumed that a person whose gross income, before deductions and exemptions, exceeds \$30,000 per year is engaged in a substantial, gainful business or occupation.

The impairment of sight, deafness or disability shall be certified on the basis of a written report on an examination performed by a qualified ophthalmologist, qualified optometrist or a qualified otolaryngologist, or a qualified physician, as the case may be, on Form N-172.

Note: *Effective for taxable years beginning after December 31, 2001, Act 36, Session Laws of Hawaii 2001, allows licensed audiologists to certify for tax purposes that a person is deaf.*

A blind, deaf or totally disabled person who qualifies, may be allowed a Disability Exemption of \$7,000. The Disability Exemption is in lieu of the regular personal exemption of \$1,040. The following maximum exemptions are allowed:

One Individual (any filing status) —	\$7,000
Husband and Wife (non-disabled spouse under 65) —	8,040
Husband and Wife (non-disabled spouse age 65 or over) —	9,080
Husband and Wife (both disabled) —	14,000

Note: *If you claim this special exemption you will not be able to claim the additional exemptions for your children or other dependents, or for being 65 or older.*

Enter the appropriate amount on line 23.

For more information, see Tax Information Release No. 89-3, “State Tax Benefits Available to Persons with Impaired Sight, Impaired Hearing, or Who are Totally Disabled” and Tax Information Release No. 94-2, “State Tax Benefits Available to Persons Totally Disabled”.

Line 24

Taxable Income

Line 22 minus line 23, but not less than zero.

Line 25

Enter amount from line 24 (taxable income).

Tax Computation

Line 26

Tax

To figure your tax, you will use one of the following methods. Read the conditions below to see which you should use, and check the appropriate box on line 26. Then, go to the *Tax Computation Worksheet* on page 27.

Tax Table

If your taxable income is less than \$100,000, you **MUST** use the Tax Table on

pages 48 through 59 to find your tax. Be sure you use the correct column in the Tax Table. After you have found the correct tax, enter that amount. There is an example at the beginning of the table to help you find the correct tax.

Tax Rate Schedules

You must use the Tax Rate Schedules on page 60 to figure your tax if your taxable income is \$100,000 or more.

Alternative Tax on Capital Gains

If you have a net capital gain, you may be able to reduce your tax using the *Tax on Capital Gains Worksheet* on page 27 if your taxable income is over \$24,000 (\$12,000 for Single, and Married Filing Separately, classifications). If your taxable income is \$24,000 (\$12,000 for Single, and Married Filing Separately, classifications) or under, do not use the *Tax on Capital Gains Worksheet* on page 27.

Some taxpayers will have Hawaii gain adjustments. Before filling in the worksheet, determine whether you have adjustments from the *Hawaii Additions Worksheet* on page 26, e (income tax credit gain adjustment), or i (other adjustments); from the *Hawaii Subtractions Worksheet* on page 26, j (certain income from a qualified high technology business), or l (other adjustments); or from Form N-152 (lump sum distribution from a pension plan). If you do, separate the adjustments into **long-term** gain adjustments for assets held for more than a year, and **short-term** adjustments for assets held for a year or less.

Form N-168

An individual engaged in a farming business may elect to average their farm income over a three-year period. See Form N-168 for more information.

Form N-615

If a child under age 14 has investment income of more than \$1,000, use Form N-615, *Computation of Tax for Children Under Age 14 Who Have Investment Income of More than \$1,000*, to see if any of the child's investment income is taxed at the parent's rate and, if so, to figure the child's tax. See Form N-615 for more information.

Total Tax Liability

Use the *Tax Computation Worksheet* on page 27 to figure your total tax liability.

Nonrefundable Credits

Line 27

Total Nonrefundable Tax Credits

If you are claiming any nonrefundable tax credits, you must use Schedule CR, *Schedule of Tax Credits*, to summarize the total nonrefundable tax credits claimed. Complete Part I of Schedule CR, and enter the amount from Schedule CR, line 10, on Form N-11, line 27. Attach Schedule CR directly behind Form

N-11. The following nonrefundable tax credits are included on Schedule CR:

Credit for Income Taxes Paid to Other States and Countries

If you have out-of-state income that is taxed by another state or foreign country and also by Hawaii, you may claim a credit against your Hawaii income for the net income tax you paid to the other state or foreign country if you meet the following conditions:

- The income was earned while you were a Hawaii resident (or you are married and filing a joint resident return) and was not exempt from Hawaii income tax;
- You did not file an *Election Under Act 60, SLH 1976* (see page 5);
- The income on which the state or foreign tax is imposed was derived or received from sources outside Hawaii;
- You were liable for and paid tax to the foreign jurisdiction (net amount of tax paid to a foreign jurisdiction after all credits, reductions, and refunds allowed or allowable by the laws of the foreign jurisdiction have been deducted);
- The tax paid to the other state or foreign country is an income-based tax that is imposed on both residents and nonresidents of the other state or foreign country, rather than a sales, gross receipts, withholding, or value added tax (i.e., taxes withheld on dividends paid from foreign investments do not qualify);
- No credit is allowed if the foreign income is excluded on the federal return;
- No credit is allowed if the foreign tax credit is allowed on the federal return;
- The income must be taxed by the other state or foreign country for the same taxable year for which the Hawaii credit is claimed;
- No credit is allowed for penalties or interest paid to the other state or foreign country; and
- No credit is allowed for city or local income taxes paid to another state.

To figure the allowable amount of the credit, fill in the *Other State and Foreign Tax Credit Worksheet* on page 27. On line 5 of the worksheet, enter the net amount of tax paid to the other state after all credits, reductions, and refunds allowed or allowable by the laws of the other state have been deducted (net tax liability).

Required Attachments. If you entered any amount on line 5, you must attach a copy of the tax return(s) from the other state(s). If you entered any amount on line 6, you must attach a copy of all federal Form(s) 1116 that you are filing this year. If you are not required to file federal Form 1116, attach a copy of the payee statement (such as federal Form 1099-DIV or 1099-INT) that you received for your foreign source income.

Out-of-State Tax Refund. If you claim this credit and you later receive a tax refund from the other state or foreign country, you **MUST** report this to the Department of Taxation. You may be subject to penalties if you fail to

make this report.

For more information, see section 235-55, HRS, and section 18-235-55, Hawaii Administrative Rules.

Credit for Beneficiaries of Foreign Trusts

Any resident beneficiary of a trust with a situs in another State may claim a credit for income taxes paid by the trust to the other State on any income that is attributable to assets other than intangibles. This credit is not allowed for trusts that are resident in a foreign country (or in any territory or possession of the United States).

The trust will inform you of what your share of the trust's income is, and how much of it is long-term capital gains. Include these amounts on lines 3 and 4, respectively, of the *Other State and Foreign Tax Credit Worksheet* on page 27.

The trust will also tell you your share of the tax the trust paid to the other state. Find out how much of the trust's income was attributable to real property and tangible personal property (**not** including stocks, bonds, mortgages, and other intangibles). Divide that number by the total amount of the trust's income, and multiply your share of the out-of-state tax by that percentage. Include this amount on line 5 of the *Other State and Foreign Tax Credit Worksheet* on page 27.

Credit for Shareholders of S Corporations

A shareholder of an S corporation shall be considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's pro rata share of any net income tax paid by the S corporation to a state which does not measure the income of S corporation shareholders by the income of the S corporation. The term "net income tax" means any tax imposed on or measured by a corporation's net income.

The S corporation will inform you of what your share of its income is, and how much of it is long-term capital gains. Include these amounts on lines 3 and 4, respectively, of the *Other State and Foreign Tax Credit Worksheet* on page 27.

The S corporation will also tell you your share of the tax paid to the other state. Include this amount on line 5 of the *Other State and Foreign Tax Credit Worksheet* on page 27.

Energy Conservation Tax Credit

Each individual resident taxpayer who files a net income tax return for 2001 may claim a tax credit against his or her income tax liability for a solar or wind energy system, heat pump, or ice storage system installed and placed in service in 2001. Additions to existing systems (e.g., additional solar energy panels) and systems for a second home qualify for this credit. The cost of repairs to existing systems (e.g., replacing solar energy panels), however, **do not** qualify for this credit. The tax credit applies only to the actual cost of the solar or wind energy

system, heat pump, or ice storage system, including accessories and installation, and shall not include the cost of consumer incentive premiums unrelated to the operation of the system or offered with the sale of the system or heat pump (such as "free gifts", offers to pay electricity bills, or rebates).

The tax credit may be claimed for the following energy conservation systems installed and placed in service after 12/31/89 (12/31/90 for ice storage systems), but before 7/1/2003:

Type of Energy Conservation System	Tax Credit Rate
1. Wind energy systems	20% of the actual cost of the system.
2. Solar energy systems	
a. New and existing single family residential buildings.	The lesser of 35% of the actual cost of the system or \$1,750.
b. New and existing Multi-unit buildings used primarily for residential purposes.	Per building unit: The lesser of 35% of each unit's actual cost of the system or \$350.
c. New and existing hotel, commercial and industrial facilities.	35% of the actual cost of the system.
3. Heat pumps	
a. New and existing single family residential buildings.	The lesser of 20% of the actual cost of the system or \$400.
b. New and existing Multi-unit buildings used primarily for residential purposes.	Per building unit: The lesser of 20% of each unit's actual cost of the system or \$200.
c. New and existing hotel, commercial and industrial facilities.	20% of the actual cost of the system.
4. Ice storage systems	50% of the actual cost of the system.

In the event that tax credits claimed exceed the amount of the income tax due, the excess credits may be carried over to subsequent years until used up.

For more information, see Form N-157, Credit for Energy Conservation.

To claim this credit, complete Form N-157 and Schedule CR and attach them to your return.

Enterprise Zone Tax Credit

A qualified enterprise zone business may claim a credit for a percentage of net income tax due the State attributable to the conduct of business within a zone and a percentage of the amount of unemployment insurance premiums paid based on the payroll of employees employed at the business firm establishments in the zone. The applicable percentage is 80% the first year; 70% the second year; 60% the third year; 50% the fourth year; 40% the fifth year; 30% the sixth year; and 20% the seventh year. This credit is not refundable and any unused credit may NOT be carried forward.

For more information, see Form N-756, Enterprise Zone Tax Credit.

To claim this credit, complete Form N-756 and Schedule CR and attach them to your return.

Low-Income Housing Tax Credit

Note: Do not confuse this credit with the credit for low-income household renters.

Hawaii's low-income housing tax credit is equal to 30% of the tax credit allocated by the Housing and Community Development Corporation of Hawaii for qualified buildings located within the State of Hawaii.

Contact the Housing and Community Development Corporation of Hawaii for qualifying requirements and further information.

To claim this credit, complete Form N-586 and Schedule CR and attach them to your return.

Credit for Employment of Vocational Rehabilitation Referrals

The amount of the tax credit for the taxable year is equal to 20% of the qualified first-year wages for that year. The amount of the qualified first-year wages which may be taken into account with respect to any individual shall not exceed \$6,000.

"Qualified wages" means the wages paid or incurred by the employer during the taxable year to an individual who is a vocational rehabilitation referral and more than one-half of the wages paid or incurred for such an individual is for services performed in a trade or business of the employer.

"Qualified first-year wages" means, with respect to any vocational rehabilitation referral, qualified wages attributable to service rendered during the one-year period beginning with the day the individual begins work for the employer.

The credit allowed shall be claimed against net income tax liability for the taxable year. A tax credit which exceeds the taxpayer's income tax liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted.

Claims for this credit, including any amended claims, must be filed on or before the end of the twelfth month following the close of the taxable year for which the credit may be claimed.

For more information, see Form N-884, Credit for Employment of Vocational Rehabilitation Referrals.

To claim this credit, complete Form N-884 and Schedule CR and attach them to your return.

High Technology Business Investment Tax Credit

Act 221, Session Laws of Hawaii 2001, amended the high technology business investment tax credit to allow a credit for investment in a qualified high technology business for the taxable year in which the investment was made and the following four years.

The credit is 35% of the investment in the year the investment is made, 25% for the first year following the year the investment was made, 20% for the second year following the investment, and 10% for each of the third and fourth years following the investment. The credit is subject to limitations and recapture requirements.

The credit allowed shall be claimed against net income tax liability for the taxable year. A tax credit which exceeds the taxpayer's income tax liability for any of the five years that the credit is taken may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted.

Claims for this credit, including any amended claims, must be filed on or before the end of the twelfth month following the close of the taxable year for which the credit may be claimed.

For more information, see Form N-318, High Technology Business Investment Tax Credit.

To claim this credit, complete Form N-318 and Schedule CR and attach them to your return.

Individual Development Account Contribution Tax Credit

A taxpayer contributing matching funds to an individual development account may claim a tax credit of 50% of the amount contributed for taxable years beginning after December 31, 1999, and before January 1, 2005.

The credit allowed shall be claimed against net income tax liability for the taxable year. A tax credit which exceeds the taxpayer's income tax liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted.

Claims for this credit, including any amended claims, must be filed on or before the end of the twelfth month following the close of the taxable year for which the credit may be claimed.

For more information, see Form N-320, Individual Development Account Contribution Tax Credit.

To claim this credit, complete Form N-320 and Schedule CR and attach them to your return.

Technology Infrastructure Renovation Tax Credit

Act 221, Session Laws of Hawaii 2001, provides an income tax credit equal to 4% of renovation costs incurred to provide a commercial building with technology-enabled infrastructure. Renovation costs are costs incurred after December 31, 2000, to plan, design, install, construct, and purchase technology-enabled infrastructure equipment to provide a commercial building with technology-enabled infrastructure. Technology-enabled infrastructure means: (1) high speed telecommunications systems that provide Internet access, direct satellite communications access, and videoconferencing facilities; (2) physical security systems that iden-

tify and verify valid entry to secure spaces, detect invalid entry or entry attempts, and monitor activity in these spaces; (3) environmental systems to include heating, ventilation, air conditioning, fire detection and suppression, and other life safety systems; and (4) backup and emergency electric power systems. The credit is available for taxable years beginning after December 31, 2000, and shall not be available for taxable years beginning after December 31, 2005.

The credit allowed shall be claimed against net income tax liability for the taxable year. A tax credit which exceeds the taxpayer's income tax liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted.

For more information, see Form N-326, Technology Infrastructure Renovation Tax Credit.

To claim this credit, complete Form N-326 and Schedule CR and attach them to your return.

Credit for School Repair and Maintenance

Act 309, Session Laws of Hawaii 2001, provides a credit to licensed contractors, pest control operators, and professional engineers, architects, surveyors and landscape architects who are subject to Hawaii's income tax for contributions of in-kind services for the repair and maintenance of public schools. The credit shall be an amount equal to 10% of the value of the services contributed. Certain other limitations and restrictions apply.

The credit allowed shall be claimed against net income tax liability for the taxable year. A tax credit which exceeds the taxpayer's income tax liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted.

Claims for this credit, including any amended claims, must be filed on or before the end of the twelfth month following the close of the taxable year for which the credit may be claimed.

For more information, see Form N-330, Credit for School Repair and Maintenance.

To claim this credit, complete Form N-330 and Schedule CR and attach them to your return.

Line 28

Line 26 minus line 27. Enter the result on this line, but not less than zero.

Tax Already Paid

Line 29

Total Hawaii Income Tax Withheld

Add the Hawaii income tax withheld as shown on federal Form(s) W-2 and 1099-G (unemployment compensation), State Form N-2, and any other forms that show Hawaii income tax withheld. Enter the total on this line.

Note: If taxes were withheld on the sale of Hawaii real property, report this amount on line 30, "2001 Estimated Tax Payments".

Line 30

2001 Estimated Tax Payments

Enter on this line your estimated Hawaii income tax payments made on Form N-1 for 2001. Do not include your 2000 overpayment you requested to have applied to your 2001 estimated tax (this amount is to be reported on line 31).

If you had taxes withheld on the sale of Hawaii real property and you did not apply for a refund of those taxes on Form N-288C, "Application for Tentative Refund of Withholding on Dispositions of Hawaii Real Property Interests", include the amount of taxes withheld and attach a copy of the Form(s) N-288A showing the withholding. If you filed a Form N-288C, subtract the amount of refund you already applied for on that form.

If the tax was withheld for you through a partnership, estate, trust, or S corporation, see the Instructions for *Pro Rata Share of Taxes Withheld and Paid by a Partnership, Estate, Trust, or S Corporation on the Sale of Hawaii Real Property Interests* on page 24.

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, one of you can claim all of the amount paid, or you can each claim a part of it. Please be sure to show both social security numbers on the separate returns. If you or your spouse paid separate estimated tax, but you are now filing a joint income tax return, add the amounts you each paid.

Follow the above instructions even if your spouse died during the year.

Line 31

2000 Overpayment Applied to 2001 Estimated Tax

Enter on this line any overpayment from your 2000 return that you applied to your 2001 estimated tax.

Line 32

Amount Paid with Extension(s)

If you filed Form N-101A (or federal Form 4868) and/or Form N-101B (or federal Form 2688) to get an extension of time to file Form N-11, enter the amount you paid on this line.

Refundable Credits

IMPORTANT! If the amount of payments plus these credits is at least \$1 more than your tax, the difference will be refunded to you. It is very important that you carefully read the following instructions for each of these credits to ensure that you properly claim all the credits to which you are entitled.

Warning: Many of the following credits **MUST** be claimed on or before the end of the twelfth month following the end of the taxable year (December 31, 2002, for calendar year

taxpayers). If you do not claim these credits within that period, the credits are **waived** and **cannot** be claimed later, even on an amended return.

Line 33

Low-Income Refundable Tax Credit

If your Hawaii adjusted gross income was \$20,000 or less, you may qualify for this credit. See the instructions for Schedule X, Part I, on page 42. Figure the credit on Schedule X, Part I, and enter the amount of the credit here.

Note: Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Line 34

Credit for Low-Income Household Renters

If you occupy and pay rent for real property within the State as your residence, your Hawaii adjusted gross income was less than \$30,000, and the rent you paid during 2001 was more than \$1,000, you may qualify for this credit. To see if you qualify, see the instructions for Schedule X, Part II, on page 43. If you qualify, figure the credit on Schedule X, Part II, and enter the amount of the credit here.

Note: Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Line 35

Credit for Child and Dependent Care Expenses

Certain payments made for child and dependent care (including payments made to the State of Hawaii A+ Program) may be claimed as a credit against your tax due. To see if you qualify, see the instructions for Schedule X, Part III, on page 44. If you qualify, figure the credit on Schedule X, Part III, and enter the amount of the credit here.

Note: Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.

Line 36

Credit for Child Passenger Restraint System

Each resident taxpayer who files an indi-

vidual income tax return for the taxable year may claim a tax credit for 2001 for the purchase of **one or more new** child passenger restraint systems which comply with federal motor vehicle safety standards.

Note: This credit is \$25 **per return** regardless of the cost or the number of restraint systems purchased.

To Claim this Credit. Enter \$25 in line 36, and attach a copy of the sales invoice, which states the type of child restraint system purchased, to your return.

Your claim for this credit may be rejected if the invoice is not attached, or if 1) or 2) applies but no statement or explanation is attached.

1) If the invoice doesn't have your name on it, you must attach a statement saying that you and nobody else is claiming the credit for the purchase described in the invoice.

2) If the invoice has somebody else's name on it, you must attach an explanation.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Line 37

Credit for \$1 General Income Tax

Act 119, Session Laws of Hawaii 2001, provides that each resident taxpayer who files an individual income tax return for the taxable year, including those who have no income or no income taxable under chapter 235, HRS, may claim a one-time \$1.00 general income tax credit, provided that the taxpayer is not eligible to be claimed as a dependent for federal or State income tax purposes by another taxpayer. The credit is multiplied by the number of qualified exemptions to which the taxpayer is entitled.

The credit may be claimed for each resident individual who:

- Was a resident of Hawaii for at least nine months regardless of whether the qualified resident was physically in Hawaii for nine months,
- Is not claimed and is not eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes, and
- Was not confined in jail, prison, or a youth correctional facility for the full taxable year.

Note: The credit is not based on adjusted gross income. The credit is figured on a fixed amount of \$1.00 per qualified exemption. A qualified exemption includes the taxpayer's minor children receiving support from the Department of Human Services of the State, social security survivor benefits, and the like. A qualified exemption does not include additional exemptions for being 65 years of age or over, or for deficiencies in vision, hearing, or other disability.

To Claim This Credit. There is no special form to be filed. All you need to do is multiply

\$1.00 by the number of your qualified exemptions. Enter the amount on line 37.

Deadline for claiming this credit. Claims for this credit, including any amended claims, must be filed on or before the end of the twelfth month after the close of your taxable year.

Line 38

Total Refundable Tax Credits from Schedule CR

If you are claiming any of the following refundable tax credits, you must use Schedule CR, Schedule of Tax Credits, to summarize the total refundable tax credits claimed. Complete Part II of Schedule CR, and enter the amount from Schedule CR, line 18, on Form N-11, line 38. Attach Schedule CR directly behind Form N-11. The following refundable tax credits are included on Schedule CR:

Capital Goods Excise Tax Credit

A 4 percent credit is available to Hawaii businesses that acquire qualifying business property and place it in service during the taxable year.

To Claim This Credit. Complete Form N-312 and Schedule CR and attach them to your return.

Deadline for claiming this credit. Claims for this credit, including any amended claims, must be filed on or before the end of the twelfth month after the close of your taxable year.

For more information, see the instructions for Form N-312; Tax Information Release No. 88-6, *Capital Goods Excise Tax Credit*; Tax Information Release No. 88-8, *Capital Goods Excise Tax Credit Recapture*; and Tax Information Release No. 89-4, *The Taxpayer Who Is Entitled To The Capital Goods Excise Tax Credit When the Parties Characterize a Transaction As A Sale-Leaseback*.

Fuel Tax Credit for Commercial Fishers

Each principal operator of a commercial fishing vessel who files an individual income tax return may claim an income tax credit for certain fuel taxes paid during the year.

To Claim This Credit. Complete Form N-163 and Schedule CR and attach them to your return.

Deadline for claiming this credit. Claims for this credit, including any amended claims, must be filed on or before the end of the twelfth month after the close of your taxable year.

Hotel Construction and Remodeling Tax Credit

A tax credit of 4% of the construction or renovation costs incurred during the taxable year for each qualified hotel facility located in Hawaii is provided for taxable years beginning after December 31, 1998, and before January 1, 2003.

To Claim This Credit. Complete Form N-314 and Schedule CR and attach them to your return.

Deadline for claiming this credit. Claims for this credit, including any amended claims, must be filed on or before the end of the twelfth month after the close of your taxable year.

Motion Picture and Film Production Income Tax Credit

A taxpayer may claim an income tax credit of up to 4 percent of costs incurred, and of up to 7.25 percent of transient accommodations costs incurred in Hawaii in the production of motion picture or television films.

To Claim This Credit. Complete Form N-316 and Schedule CR and attach them to your return.

Deadline for claiming this credit. Claims for this credit, including any amended claims, must be filed on or before the end of the twelfth month after the close of your taxable year.

Tax Credit for Research Activities

Act 221, Session Laws of Hawaii 2001, amended the 20% tax credit for research activities by excluding the federal base amounts for research conducted in Hawaii. This credit is available for taxable years beginning after December 31, 2000, and before January 1, 2006.

To Claim This Credit. Complete Form N-319 and Schedule CR and attach them to your return.

Deadline for claiming this credit. Claims for this credit, including any amended claims, must be filed on or before the end of the twelfth month after the close of your taxable year.

Drought Mitigating Water Storage Facility Income Tax

Act 293, Session Laws of Hawaii 2001, provides a refundable credit in the amount of 4% of qualifying costs incurred and paid by farmers or ranchers for a qualified water storage facility. A qualified water storage facility is a water storage facility that is part of a conservation plan approved by the local soil and water conservation district. Qualifying costs are any costs incurred and paid by the taxpayer after December 31, 2000, for the new construction of a qualified water storage facility or the repair or reconstruction of an existing qualified water storage facility, including the costs of new equipment related to the construction or repair of the new or existing qualified water storage facility, but does not include amounts received through grant or subsidy from any federal or state government.

To Claim This Credit. Complete Form N-328 and Schedule CR and attach them to your return.

Deadline for claiming this credit. Claims for this credit, including any amended claims, must be filed on or before the end of

the twelfth month after the close of your taxable year.

Other Credits

Pro Rata Share of Taxes Withheld and Paid by a Partnership, Estate, Trust, or S Corporation on the Sale of Hawaii Real Property Interests

If taxes were withheld on the sale of your Hawaii real property, see the instructions for 2001 *Estimated Tax Payments* on page 23.

If the tax was withheld by a partnership, estate, trust or S corporation, and you are taxable on a pro rata share of the entity's gain on the sale, include ONLY the amount of your pro rata share of any net income taxes withheld and paid by the partnership, estate, trust or S corporation on Schedule CR, line 17a, and attach an explanation that includes the name and tax identification number of the entity withholding the tax.

Note: If the partnership, estate, trust or S corporation filed a Form N-288C, "Application for Tentative Refund of Withholding on Dispositions of Hawaii Real Property Interests", you may not claim this credit for your share of the amount being refunded to the entity.

Credit From a Regulated Investment Company

A shareholder of a regulated investment company is allowed a credit for the tax paid to the State by the company on the amount of capital gains which by section 852(b)(3)(D) of the Internal Revenue Code is required to be included in the shareholder's return. The regulated investment company will notify you of the undistributed capital gains amount and the tax paid, if any. If this credit applies to you, include the amount on Schedule CR, line 17b, and attach an explanation.

Line 39

Total Payments and Credits

Add lines 29 through 38. Enter the amount on this line.

Refund or Balance Due

Line 40

Amount Overpaid

If line 39 is larger than line 28, the difference is the amount overpaid. Act 311, Session Laws of Hawaii 2001, establishes the Hawaii School-Level Minor Repairs and Maintenance Special Fund to provide moneys for school-level minor repairs and maintenance. If you have an overpayment of at least \$2 (\$4 if married and filing a joint return), you can choose to contribute to the Hawaii school-level minor repairs and maintenance special fund (line 43).

Line 41

Applied to 2002 Estimated Tax

Enter the amount from line 40 that you want applied to your estimated tax for 2002.

We will apply amounts to your account unless you attach a request to apply it to your spouse's account. The request should include your spouse's social security number and full name.

Line 42

Line 40 minus line 41.

Line 43

Contribution to the Hawaii School-Level Minor Repairs and Maintenance Special Fund

If you want to contribute to the Hawaii school-level minor repairs and maintenance special fund, enter \$2 (\$4 if your spouse also wants to contribute and you are filing jointly). No other amounts can be accepted. Your contribution will reduce your refund. Once made, the contribution cannot be revoked.

Line 44

Refund

Line 42 minus line 43. This is the amount that will be refunded to you.

Line 45

Balance Due

If line 28 is larger than line 39, the difference is your balance due. Use Form N-200V, Individual Income Tax Payment Voucher, to send your payment to the Department of Taxation.

Note: If you include penalty and/or interest for the late filing of your return with your payment, identify and enter these amounts on a separate sheet of paper and attach to Form N-11. Do not include the penalty and/or interest amounts for the late filing of your return in the Balance Due on line 45.

Note: If you cannot pay the full amount you owe, you can ask to enter a payment agreement by attaching a letter requesting for a payment agreement, with the following information, to the front of your tax return: (1) Your name (as stated on the tax return), (2) Your social security number, (3) Type of tax (individual income tax), and (4) Period or year (calendar year 2001). You should, however, still send in payments until you are notified by the Department.

Line 46

Underpayment of Estimated Tax Penalty

See the instructions for **Penalties and Interest** on page 41 and Form N-210, Underpayment of Estimated Tax by Individuals and Fiduciaries, to see if you owe a penalty

for the underpayment of estimated taxes. If you owe a penalty, enter the penalty amount on Form N-11, line 46. Add the penalty amount to any tax due and enter the total on line 45. If you have an overpayment, subtract the penalty amount from the overpayment you show on line 40. However, if your overpayment is less than the penalty amount, enter the difference as a balance due on line 45.

Check the box at line 46 if Form N-210 is attached.

Line 47

2002 Forms

If your Form N-11 is prepared by someone else, or if you do not need Hawaii income tax forms mailed to you next year, check the box at line 47, and you will receive a preprinted label only.

Taxpayer Questionnaire

All taxpayers **MUST** complete lines 48, 49, 50, and 51.

Line 48

Schedule C

If you filled in Schedule C or Schedule C-EZ for federal Form 1040 (for taxpayers receiving income from operating a business or practicing a profession as a sole proprietorship), check "Yes". If you checked "No", go on to line 49.

Gross Receipts

Enter your gross receipts or sales, net of returns and allowances. This will be the amount from Schedule C, line 3; or Schedule C-EZ, line 1.

If you filed more than one Schedule C, enter the total of your gross receipts.

Hawaii G.E./Use Tax Identification Number

Enter your Hawaii General Excise/Use Tax Identification Number for this activity.

If more than one identification number applies, enter all of them here or on a separate sheet.

Main Business Activity and Product

Report the business activity that accounted for the most gross income included here. Give the general field as well as the product or service. For example, "wholesale—groceries" or "retail—hardware".

Line 49

Rents on Schedule E

If you received rental income and reported it on Schedule E, Form 1040, check "Yes". If you checked "No", go on to line 50.

Gross Receipts

Enter your gross rents. In most cases, this will be the amount from Schedule E, line 3.

If you filed more than one Schedule E, enter the total of your gross rents.

Hawaii G.E./Use Tax Identification Number

Enter your Hawaii General Excise/Use Tax Identification Number for this activity, even if you wrote the same number down on line 48.

If more than one identification number applies, enter all of them here or on a separate sheet.

Line 50

Schedule F

If you completed Schedule F for Form 1040 (for those receiving farming income), check "Yes". If you checked "No", go on to line 51.

Gross Receipts

Enter your gross receipts or sales, net of returns and allowances. This will be the amount from Schedule F, line 11.

Hawaii G.E./Use Tax Identification Number

Enter your Hawaii General Excise/Use Tax Identification Number for this activity, even if you wrote the same number down on line 48 or 49.

Main Business Activity and Product

Report the business activity that accounted for the most gross income included here. Give the general field as well as the product or service. For example, "ranching—cattle".

Line 51

Sale of a Qualified High Technology Business' Net Operating Loss

Act 297, Session Laws of Hawaii 2000, provides that a qualified high technology business may apply to the Hawaii Department of Taxation to sell its unused net operating loss carryover to another taxpayer (after December 31, 2000, and before January 1, 2004). Proceeds from the sale are not considered taxable income for the selling company.

If you are a qualified high technology business that sold your net operating loss, check "Yes", and enter the amount of proceeds from the sale of the net operating loss. Also, attach a statement to your tax return with the following information: 1) name(s) and identification number(s) of the person(s) to whom you sold your net operating loss, and 2) amount of the net operating loss sold to each person.

Form N-11 filers, now go to Step 6 on page 41.

Worksheets

Form N-11 – State Tax Refund Worksheet

1. Enter your State tax overpayment (line 51) from your 2000 Form N-11 return
2. Enter from your 2000 Form N-11 the following:
 - a. Low-income refundable tax credit (line 40)
 - b. Credit for low-income household renter (line 41)
 - c. Credit for child and dependent care expenses (line 42)
 - d. Credit for child passenger restraint system(s) (line 43)
3. Add lines 2a through 2d
4. Line 1 minus line 3. If zero or less, enter "0" here and on line 8, skip lines 5-7; otherwise continue on to line 5
5. Enter amount from your 2000 Form N-11, line 21
6. Enter the amount shown below for the filing status you claimed on your 2000 Form N-11

Single—	\$1,500
Married filing jointly or qualifying widow(er)—	1,900
Married filing separately—	950
Head of household—	1,650
7. Line 5 minus line 6. Enter the result, but not less than zero
8. Compare the amounts on lines 4 and 7 above and enter the SMALLER of the two amounts here
9. Enter the taxable part of your refund reported on your **2001** federal Form 1040, line 10. If this amount is blank, or if you filed Form 1040A, 1040EZ, or 1040-TEL, enter zero here
10. If line 8 is **LARGER** than line 9, subtract line 9 from line 8. Enter the result here and on line **b** of the *Hawaii Additions Worksheet* below **OR**
If line 8 is **SMALLER** than line 9, subtract line 8 from line 9. Enter the result here and on line **b** of the *Hawaii Subtractions Worksheet* below **OR**
If line 8 **EQUALS** line 9, enter zero and stop here

Hawaii Additions Worksheet

- a Taxable amount relating to Individual Housing Account
- b Hawaii tax refund adjustment (see above)
- c Peace Corps compensation
- d Income tax credit depreciation adjustment
- e Income tax credit gain adjustment
- f Excluded income earned outside the U.S.
- g Student loan interest deduction
- h Employer-provided adoption benefits
- i Other adjustments (attach separate explanation to Form N-11)
- j Add lines a to i. Enter here and on Form N-11, line 10....

Hawaii Subtractions Worksheet

- a Interest on federal obligations. But subtract the amount from line 14 of federal Form 8815
- b Hawaii tax refund adjustment (see above)
- c Interest earned by an Individual Housing Account
- d Qualifying compensation to Hansen's disease patient
- e Expenses connected with federal credits
- f Child's interest and dividend income on federal Form 8814 that is **not** reported on Form N-814
- g Premiums on and benefits from prepaid legal services plans
- h Student loan interest deduction
- i Employer-provided adoption benefits
- j Certain income from a qualified high technology business
- k Individual development accounts
- l Other adjustments (attach separate explanation to Form N-11)
- m Add lines a to l. Enter here and on Form N-11, line 17....

Itemized Deductions Worksheet

WORKSHEET A-1— Medical and Dental Expenses

1. Enter amount of medical and dental expenses (see page 15 of Instructions)
2. Enter adjusted gross income from Form N-11, line 19, or Form N-12, line 32
3. Multiply line 2 by 7.5% (.075)
4. Line 1 minus line 3. If zero or less, enter zero. Enter the result here and on Form N-11, line 20a, or Form N-12, line 34a

WORKSHEET A-2 – Taxes You Paid

5. State and local income taxes paid or withheld
6. Real estate taxes
7. Personal property taxes
8. Other taxes
9. Add lines 5 through 8. Enter the total here and on Form N-11, line 20b, or Form N-12, line 34b

WORKSHEET A-3 – Interest You Paid

10. Home mortgage interest and points reported to you on federal Form 1098
11. Home mortgage interest not reported to you on federal Form 1098
12. Points not reported to you on Form 1098 (see federal instructions to Form 1040, Schedule A, line 12 for special rules)
13. Investment interest (attach Form N-158)
14. Add lines 10 through 13. Enter the total here and on Form N-11, line 20c, or Form N-12, line 34c

WORKSHEET A-4—Gifts to Charity

15. Enter amount of gifts by cash or check (if any gift of \$250 or more, see page 18 of Instructions)
16. Other than by cash or check (if any gift of \$250 or more, see page 18 of Instructions) (attach required statement if over \$500)
17. Carryover from prior year
18. Add lines 15 through 17. Enter total here and on Form N-11, line 20d, or Form N-12, line 34d

WORKSHEET A-5—Casualties and Thefts

19. Total casualty and theft loss(es) from Form 4684, line 16 (*not the same as Schedule A, line 19*)
- a Enter 10% of your **Hawaii** adjusted gross income (Form N-11, line 19, or Form N-12, line 32)
- b Line 19 minus line a. If this line is zero or less, **stop here**. Otherwise, enter this amount on Form N-11, line 20e, or Form N-12, line 34e

WORKSHEET A-6—Miscellaneous Deductions

20. Unreimbursed employee business expenses—job travel, union dues, job education (attach federal Form 2106 or Form 2106-EZ if required)
21. Tax preparation fees
22. Other expenses (investment, safe deposit box, etc.) (list type and amount, and attach the list to your return)
23. Add lines 20 to 22
24. Enter adjusted gross income from Form N-11, line 19, or Form N-12, line 32
25. Multiply line 24 by 2% (.02)
26. Line 23 minus line 25. Enter the result, but not less than zero
27. Other deductions not subject to 2% AGI limit (see instructions on page 19) (list type and amount, and attach the list to your return)
28. Political contributions
29. Add lines 26, 27, and 28. Enter total here and on Form N-11, line 20f, or Form N-12, line 34f

Worksheets (continued)

Form N-11 – Total Itemized Deductions Worksheet

1. Add the amounts on Form N-11, lines 20a through 20f....**1.**
2. Add the amounts on Form N-11, lines 20a and 20e, any gambling losses included on line 20f, and the amount of investment interest**2.**
3. Line 1 minus line 2 (if the result is zero or less, **STOP HERE**; enter the amount from line 1 above on Form N-11, line 21).....**3.**
4. Multiply line 3 above by 80% (.80).....**4.**
5. Enter the amount from Form N-11, line 19**5.**
6. Enter \$100,000 (\$50,000 if married filing separately)**6.**
7. Line 5 minus line 6. (If the result is zero or less, **STOP HERE**; enter the amount from line 1 above on Form N-11, line 21.)**7.**
8. Multiply line 7 by 3% (.03)**8.**
9. **Compare** the amounts on lines 4 and 8 above. Enter the **SMALLER** of the two amounts here**9.**
10. **Total itemized deductions.** Line 1 minus line 9. Enter the result here and on Form N-11, line 21**10.**

Other State and Foreign Tax Credit Worksheet

1. Enter taxable income from Form N-11, line 25; or Form N-12, line 38
2. Enter amount of long-term capital gain from the space provided beside Form N-11, line 26; or Form N-12, line 39
3. Enter the amount of your out-of-state income, **including** capital gains. Do **not** include any income that is exempt in Hawaii such as employer-funded pensions ..
4. Enter the amount of long-term capital gains from sources outside the State.....
5. Enter the amount of tax you paid to **other States**, except for tax paid on income that is exempt in Hawaii
6. Enter the amount of tax you paid to **foreign countries** or to U.S. possessions, except for tax paid on income that is exempt in Hawaii
7. Enter the amount of the federal foreign tax credit you were allowed to take this year. Do not include amounts carried over to other years, or amounts from prior years that were carried forward to this year.....
8. Line 6 minus line 7
9. Line 5 plus line 8. This is the total amount of out-of-state tax eligible for the credit
10. Line 1 minus line 3. This is your Hawaii source income...
11. Line 2 minus line 4. This is your Hawaii source long-term capital gain. If line 4 exceeds line 2, enter zero here
12. Line 10 minus line 11. This is your Hawaii ordinary income.....
13. Enter your tax amount from line **a** of the *Tax Computation Worksheet* on this page
14. Figure the Hawaii tax on the amount on line 12. Use the Tax Table or Tax Rate Schedules
15. Multiply the amount on line 11 by 7.25% (0.0725)
16. Add lines 14 and 15.....
17. Line 13 minus line 16.....
18. Compare lines 9 and 17. Enter the **smaller** amount here and on Schedule CR, line 1. Any excess **cannot** be carried forward.....

Tax Computation Worksheet

- a Enter the tax amounts calculated from the Tax Table, Tax Rate Schedule, Tax on Capital Gains Worksheet, Form N-168 or Form N-615.....
 - b Enter any additional tax from Form N-2, Distribution from an Individual Housing Account. See *Individual Housing Accounts* on page 11
 - c Enter any additional tax from Form N-103, Sale of Your Home.....
 - d Enter any additional tax from Form N-152, Tax on Lump-Sum Distributions.....
 - e Enter any additional tax from Form N-312 or N-312A, Recapture of Capital Goods Excise Tax Credit.....
 - f Enter any additional tax from Form N-405, Tax on Accumulation Distribution of Trusts
 - g Enter any additional tax from Form N-586, Recapture of Low-Income Housing Tax Credit
 - h Enter any additional tax from Form N-814, Parent's Election to Report Child's Interest and Dividends
 - i Add lines **a** through **h**. This is your **total tax**. Enter the result here and on Form N-11, line 26; or Form N-12, line 39
- Note:** If you entered any amount in lines **b** through **h**, check the box before the words "Include separate tax..." on Form N-11, line 26; or on Form N-12, line 39.
- For more information, see the instructions for the forms listed.

Tax on Capital Gains Worksheet

- Note: If your taxable income is \$24,000 (\$12,000 for Single, and Married Filing Separately, classifications) or under, do not use this worksheet.**
1. Enter your taxable income from Form N-11, line 25; or Form N-12, line 38
 2. Enter your net long-term capital gain (Form 1040, Schedule D, line 16).....
 3. Combine your Hawaii long-term adjustments, if any, and enter the total here.....
 4. Combine lines 2 and 3. This is your Hawaii net long-term capital gain
 5. Enter your net capital gain (Form 1040, Schedule D, line 17).....
 6. Combine your Hawaii short-term adjustments, if any, and enter the total here.....
 7. Combine lines 3, 5, and 6. This is your Hawaii net capital gain
 8. Enter the **smaller** of line 4 or line 7
 9. If you are filing Form N-158, enter the amount from line 4e of Form N-158
 10. Line 8 minus line 9.....
 - If this amount is zero or less, **stop here**; you **cannot** use this worksheet to figure your tax.
 11. Line 1 minus line 10.....
 12. Enter the amount shown below for the filing status you claimed.....
- | | |
|----------------------------|----------|
| Single— | \$12,000 |
| Married filing jointly | |
| or qualifying widow(er)— | 24,000 |
| Married filing separately— | 12,000 |
| Head of household— | 18,000 |
13. Enter the **greater** of line 11 or line 12.....
 14. Line 1 minus line 13. This is the amount of net capital gains eligible for alternative tax. Also enter this amount in the space provided beside Form N-11, line 26; or Form N-12, line 39
 15. Compute the tax on the amount on line 13 using the Tax Table or Tax Rate Schedules, whichever applies.....
 16. Multiply line 14 by 7.25% (.0725) and enter the result.....
 17. Line 15 plus line 16. Enter the result here and on line **a** of the *Tax Computation Worksheet* above

Worksheets (continued)

Interest Worksheet

1. Enter the total interest on Form(s) 1099-INT and 1099-OID, and other interest received, including interest on out-of-state municipal bonds and municipal bond mutual funds, U.S. Savings Bonds and other federal obligations, Hawaii bonds, and Guam, Puerto Rico, and Virgin Island bonds.....
2. Enter the interest on U.S. Savings Bonds and other federal obligations; Hawaii bond interest; and Guam, Puerto Rico, and Virgin Islands bond interest.....
3. Enter the interest earned by an Individual Retirement Account, Individual Housing Account, and Individual Development Account.....
4. Add lines 2 and 3.....
5. Line 1 minus line 4. Enter the result on Form N-12, line 8

Form N-12 – State Tax Refund Worksheet

1. Enter your State tax overpayment (line 52) from your 2000 return
2. Enter from your 2000 Form N-12 the following:
 - a. Low-income refundable tax credit (line 46)
 - b. Credit for low-income household renter (line 47)
 - c. Credit for child and dependent care expenses (line 48)
 - d. Credit for child passenger restraint system(s) (line 49)
3. Add lines 2a through 2d
4. Line 1 minus line 3. If zero or less, stop here; otherwise continue on to line 5.....
5. Enter amount from your 2000 Form N-12, line 35.....
6. Enter the amount shown below for the filing status you claimed on your 2000 Form N-12

Single—	\$1,500
Married filing jointly or qualifying widow(er)—	1,900
Married filing separately—	950
Head of household—	1,650

7. Line 5 minus line 6. Enter the result, but not less than zero
8. Compare the amounts on lines 4 and 7 above and enter the SMALLER of the two amounts here and on Form N-12, line 10. This is the **taxable** part of your refund

Form N-12 – Total Itemized Deductions Worksheet

1. Add the amounts on Form N-12, lines 34a through 34f....1.
2. Add the amounts on Form N-12, lines 34a and 34e, any gambling losses included on line 34f, and the amount of investment interest.....2.
3. Line 1 minus line 2 (If the result is zero or less, **STOP HERE**; enter the amount from line 1 above on Form N-12, line 35).....3.
4. Multiply line 3 above by 80% (.80).....4.
5. Enter the amount from Form N-12, line 32
6. Enter \$100,000 (\$50,000 if married filing separately)
7. Line 5 minus line 6. (If the result is zero or less, **STOP HERE**; enter the amount from line 1 above on Form N-12, line 35.).....7.
8. Multiply line 7 by 3% (.03).....8.
9. **Compare** the amounts on lines 4 and 8 above. Enter the SMALLER of the two amounts here.....9.
10. **Total itemized deductions.** Line 1 minus line 9. Enter the result here and on Form N-12, line 35.....10.

Form N-12 – Capital Gain/Loss Worksheet

1. Enter the net gain or (loss) from sales of capital assets held for one year or less.....
 2. Enter the short-term capital gain or (loss) reported to you on any Schedule(s) K-1
 3. Enter the short-term capital gain or (loss) not included on lines 1 and 2, such as from federal Forms 4684, 6252, 6781, and 8824.....
 4. Short-term gain from stock acquired through stock options from qualified high technology businesses..... ()
 5. Enter your short-term capital loss carryover from 2000.... ()
 6. **Net short-term gain/(loss).** Combine lines 1 through 5.....
 7. Enter the net gain or (loss) from sales of capital assets held for more than one year
 8. Enter the capital gain distributions reported to you on Form 1099-DIV
 9. Enter the long-term capital gain or (loss) reported to you on any Schedule(s) K-1
 10. Enter the long-term capital gain or (loss) not included on lines 7 to 9, such as from federal Forms 2439, 4684, 6252, 6781, and 8824; and Hawaii Schedule D-1 ..
 11. Long-term gain from stock acquired through stock options from qualified high technology businesses..... ()
 12. Enter your long-term capital loss carryover from 2000..... ()
 13. **Net long-term gain/(loss).** Combine lines 7 through 12 ..
 14. **Net capital gain/(loss).** Combine lines 6 and 13
- If both lines 13 and 14 are gains,** enter the amount from line 14 on Form N-12, line 13. You may be able to reduce your tax by using the *Tax on Capital Gains Worksheet* on page 27 if your taxable income is over \$24,000 (\$12,000 for Single, and Married Filing Separately, classifications). Enter the amounts from lines 13 and 14 on the *Tax on Capital Gains Worksheet*, lines 4 and 7, respectively, on page 27.
- If line 14 is a (loss), continue with the rest of the worksheet below to figure what to enter on Form N-12 and how much of your loss you can carry over to next year.
15. Enter (\$3,000), or, if married filing separately, (\$1,500)
 16. Compare lines 14 and 15, and write the smaller loss here. Enter this amount on Form N-12, line 13.....
- Use the worksheet below to figure the amount of capital loss you can carry over to next year.**

Capital Loss Carryovers to 2002

17. Enter the amount from Form N-12, line 36. If the amount is negative, write it as a (loss)
18. Enter the amount on line 16 as a positive number
19. Combine lines 17 and 18. If this amount is zero or less, enter -0-.....
20. Enter the smaller of line 18 or line 19
21. If you have a net short-term loss on line 6, enter that amount as a positive number here. Otherwise, enter -0- here and go to line 26
22. If you have a net long-term gain on line 13, enter that number here. Otherwise, enter -0- here.....
23. Enter the amount from line 20
24. Add lines 22 and 23
25. Line 21 minus line 24. If zero or less, enter -0-. This is your **short-term capital loss carryover to 2002**
26. If you have a net long-term loss on line 13, enter that amount as a positive number here. Otherwise, **stop here**
27. If you have a net short-term gain on line 6, enter that number here. Otherwise, enter -0- here.....
28. Line 20 minus line 21. If zero or less, enter -0-.....
29. Add lines 27 and 28
30. Line 26 minus line 29. If zero or less, enter -0-. This is your **long-term capital loss carryover to 2002**

Worksheets (continued)

Adoption Benefits Worksheet

Caution: See the federal instructions to Form 8839, Qualified Adoption Expenses, before completing this worksheet.

	Child 1	Child 2
1. Enter \$5,000 (\$6,000 for a child with special needs)	_____	_____
2. Did you receive employer-provided adoption benefits in a previous year? No. Enter -0-. Yes. See the federal instructions for the amount to enter.	_____	_____
3. Subtract line 2 from line 1. If zero or less, enter -0-	_____	_____
4. Enter the total amount of employer-provided adoption benefits you received in 2001. This amount should be shown in box 12 of your 2001 W-2 form(s) with code "T"	_____	_____
5. Add the amounts on line 4	_____	_____
6. Enter the smaller of line 3 or line 4.	_____	_____
7. Add the amounts on line 6. If zero, skip lines 8 - 11, enter -0- on line 12, and go to line 13.	_____	_____
8. Enter your Hawaii modified adjusted gross income*	_____	_____
9. Is line 8 more than \$75,000? No. Skip lines 9 - 10 and enter -0- on line 11. Yes. Subtract \$75,000 from line 8	_____	_____
10. Divide line 9 by \$40,000. Enter the result as a decimal (rounded to at least three places). Do not enter more than "1.000"	_____	_____
11. Multiply line 7 by line 10	_____	_____
12. Excluded benefits. Subtract line 11 from line 7	_____	_____
13. Taxable benefits. Subtract line 12 from line 5. Also, include this amount on Form N-12, line 7. On the dotted line next to line 7, write "AB". N-12 filers, stop here. N-11 filers, continue on to line 14.	_____	_____
14. Enter the taxable adoption benefits as reported on your 2001 federal return	_____	_____
15. If line 13 is LARGER than line 14, subtract line 14 from line 13. Enter the result here and on line h of the <i>Hawaii Additions Worksheet</i> on page 26 OR If line 13 is SMALLER than line 14, subtract line 13 from line 14. Enter the result here and on line i of the <i>Hawaii Subtractions Worksheet</i> on page 26.	_____	_____

***Hawaii modified adjusted gross income** is your Hawaii adjusted gross income, determined without regard to the amount of the student loan interest deduction, plus the amount of employer-provided adoption benefits from the *Adoption Benefits Worksheet*, line 5.

Student Loan Interest Deduction Worksheet

1. Enter the total interest you paid in 2001 on qualified student loans. Do not include interest that was required to be paid after the first 60 months.	_____
2. Enter the smaller of line 1 or \$2,500.	_____
3. Enter your Hawaii modified adjusted gross income** Note: If line 3 is \$55,000 or more if single, head of household, or qualifying widow(er) OR \$75,000 or more if married filing jointly, stop here . You cannot take the deduction.	_____
4. Enter: \$40,000 if single, head of household, or qualifying widow(er); \$60,000 if married filing jointly.	_____
5. Subtract line 4 from line 3. If zero or less, enter -0- here and on line 7, skip line 6, and go to line 8.	_____
6. Divide line 5 by \$15,000. Enter the result as a decimal (rounded to at least three places). Do not enter more than "1.000".	_____
7. Multiply line 2 by line 6.	_____
8. Student loan interest deduction. Subtract line 7 from line 2. Enter the result here and on Form N-12, line 21. N-12 filers, stop here. N-11 filers, continue on to line 9.	_____
9. Enter the student loan interest deduction as reported on your 2001 federal return.	_____
10. If line 8 is LARGER than line 9, subtract line 9 from line 8. Enter the result here and on line h of the <i>Hawaii Subtractions Worksheet</i> on page 26 OR If line 8 is SMALLER than line 9, subtract line 8 from line 9. Enter the result here and on line g of the <i>Hawaii Additions Worksheet</i> on page 26.	_____

****Hawaii modified adjusted gross income** is your Hawaii adjusted gross income determined without regard to the amount of the student loan interest deduction.

Line-By-Line Instructions— Form N-12

Income

An individual who was a Hawaii resident for the **entire** year is subject to income tax on his or her **entire** income, computed without regard to source in the State.

Examples of Income You Must Report

Income that you must report on Form N-12 or related forms is slightly different from that you must report on a federal return because Hawaii has different exemptions. (For more information on the differences between federal and Hawaii law, see the instructions for Form N-11, beginning on page 11.) The following kinds of income must be reported:

- Wages, including salaries, bonuses, commissions, fees, and tips.
- U.S. Cost of Living Allowance (COLA) and foreign areas allowances for civilian officers and employees.
- Dividends, including distributions from mutual funds.
- Interest on:
 - tax refunds;
 - bank deposits, bonds, notes;
 - bonds issued by other states and other local governments; and
 - accounts with savings and loan associations, mutual savings banks, credit unions, and other financial institutions.
- Unemployment compensation benefits.
- Temporary Disability Insurance benefits to the extent that such amounts:
 - are attributable to contributions by your employer which were not included in your gross income, OR
 - are paid by your employer.
- Bartering income (fair market value of goods or services you received in return for your goods or services).
- Business expense reimbursements you received that are more than you spent for those expenses.
- Alimony, separate maintenance or support payments received from and deductible by your spouse or former spouse.
- Refunds of State and local taxes if you deducted the taxes in an earlier year and got a tax benefit. See the instructions for Line 10, on page 31.
- Life insurance proceeds from a policy you cashed in if the proceeds are more than the premiums you paid.
- Income from businesses and professions.
- Your share of profits from partnerships and small business corporations.
- Annuities and endowments.
- Jury duty fees.
- Prizes and awards.

Examples of Income You Do Not Report

- Pensions where no employee contributions are involved. See *Pensions* on page 12.
- Benefits paid by the Hawaii Employees' Retirement System or similar public (Federal, City, County, or other State) retirement system. See *Pensions* on page 12.
- Amounts you received as combat duty pay while deployed to an area designated as a war zone by the President of the United States.
- All Government payments and benefits made to veterans and their families.
- Dividends on veterans' Government Insurance.
- Worker's compensation, insurance, damages, or settlements for bodily injury or sickness.
- Interest on Federal obligations such as U.S. Savings Bonds, and Hawaii State and County municipal bonds.
- Interest on bonds issued by the Governments of Puerto Rico, Virgin Islands, and Guam.
- Life insurance proceeds upon death.
- Social Security benefits.
- Railroad Retirement Act benefits.
- Gifts, inheritances, bequests.
- Compensation by Hawaii or the U.S. to a patient with Hansen's disease.
- Child support.
- Welfare benefits.
- Amounts you received from an insurance company because you lost the use of your home due to fire or other casualty to the extent the amounts were more than the cost of your normal expenses while living in your home. (You must report reimbursements of normal living expenses as income.)
- Contributions to deferred compensation plans with respect to service for state and local governments or to an annuity purchased by qualified nonprofit organizations and public schools.
- Royalties and other income derived from patents, copyrights, and trade secrets developed and arising out of a qualified high technology business.
- All income earned and proceeds derived from stock options or stock, including stock issued through the exercise of stock options or warrants, from a qualified high technology business or from a holding company of a qualified high technology business.

Line 7

Wages, Salaries, Tips, Etc.

Report as income any salaries, wages, or other compensation received by you, or available to you, including compensation for

services rendered outside Hawaii. You must report the full amount of your wages, salaries, fees, commissions, tips, bonuses, and other payments for your personal services even though taxes and other amounts have been withheld by your employer. Include in this total:

- The amount shown on Form W-2 in box 16 (State wages, tips, etc.). You must report as income the amount of allocated tips shown on your federal W-2 form(s) unless you can prove a lesser amount with adequate records.
- **Note:** If you did not receive a Form HW-2 or federal Form W-2, see Step 1 of these instructions on page 8.
- Tips you received that you did not report to your employer.
- Payment in merchandise, etc.—If your employer pays part or all of your wages in merchandise, services, stock or other things of value, you must determine the fair market value of such items and include it in your wages.
- Fair market value of meals and living quarters if given by your employer as a matter of your choice and not for your employer's convenience. (Don't report the value of meals given you at work if they were provided for your employer's convenience. Also do not report the value of living quarters you had to accept as a condition of employment).
- Strike and lockout benefits paid by a union from union dues. Include cash and the fair market value of goods received. Don't report benefits that were meant as a gift.
- The taxable portion of employer-paid dependent care benefits from federal Form 2441, line 19; line 19 of Form 1040A, Schedule 2; or Schedule X, Part III, line 11. If you are including these benefits, write "DCB" on the dotted line next to line 7.
- The taxable portion of employer-provided adoption benefits. Use the *Adoption Benefits Worksheet* on page 29 to help you figure the taxable portion. Federal Form 8839, Qualified Adoption Expenses, may be used to figure the taxable portion, however, your Hawaii modified adjusted gross income must be used instead of your federal modified adjusted gross income. If you are including these benefits, write "AB" on the dotted line next to line 7.
- Also include on this line, amounts received as Cost of Living Allowance, Living Quarter Allowance, and Temporary Disability Insurance.

Note: You must report on line 7 all wages or other compensation paid for your personal services, even if the income was signed over to a trust (including an IRA), another person, a corporation, or a tax exempt organization.

Line 8

Interest Income

Enter your total interest income. Each payer of interest should send you a federal Form 1099-INT or 1099-OID.

Report any interest you received or that was credited to your account so you could withdraw it. (It does not have to be entered in your passbook.) If you were charged an interest penalty for early withdrawal of your savings, see the instructions for line 27, on page 35.

Use the *Interest Worksheet* on page 28 to help you figure the amount of your taxable interest.

Examples of Interest Income You MUST Report

You must report interest on:

- Accounts with banks, credit unions, and savings and loan associations.

Note: Do not report interest earned on Individual Retirement Accounts, Individual Housing Accounts, and Individual Development Accounts.

- Building and loan accounts.
- Notes and loans.
- Tax refunds (report only the interest on this line; also see the instructions for line 10).
- Bonds and debentures.

Note: Municipal bonds that are issued by another State are **taxable** in Hawaii. However, Hawaii bond interest, and Guam, Puerto Rico, and Virgin Islands bond interest are exempt in Hawaii. Also, U.S. Savings Bonds and U.S. Treasury obligations are **exempt** in Hawaii. For more information about what kinds of obligations are exempt, see Tax Information Release No. 84-1, "Taxability of Interest on U.S. Obligations".

- Money market funds. But if the payer gives you a federal Form 1099-DIV, report the income as *dividends* on line 9.

Line 9

Ordinary Dividends

Note: *Act 221, Session Laws of Hawaii 2001, clarifies that dividends from stock or stock received through the exercise of stock options or warrants from a qualified high technology business or from a holding company of a qualified high technology business by an employee, officer, or director of the qualified high technology business, or investor who qualifies for the high technology business investment tax credit shall be excluded for Hawaii income tax purposes.*

Enter your total ordinary dividends. Ordinary dividends are dividends that are paid out of earnings and profits and are ordinary income. Assume that any dividend you receive is an ordinary dividend unless the paying corporation tells you otherwise. Payers include nominees or other agents. Each payer should send you a federal Form 1099-DIV. (If the payer gives you a federal Form 1099-INT or 1099-OID, report the income as *interest* on line 8.)

Do Not Report as Dividends

- Mutual insurance company dividends that reduced the premiums you paid.
- Amounts paid on deposits or accounts from which you could withdraw your money such as mutual savings banks, cooperative banks, and credit unions. These amounts are reported as interest on Form N-12, line 8.
- Stock dividends or stock splits. Although these distributions generally are not taxable to you, they may be taxable in certain situations. See federal Publication 17, "Your Federal Income Tax", for more information.
- Capital gain distributions. If your Form 1099-DIV shows capital gain distributions (Box 2a), that amount is reported on line 13.
- Nontaxable distributions. Some distributions are nontaxable because they are a return of your investment (Box 3 of Form 1099-DIV). They will not be taxed until you recover your cost. You must reduce your cost (or other basis) by the amount of nontaxable distributions received. After you get back all of your cost (or other basis), you must report these distributions as capital gains.

Line 10

Taxable Refunds of State and Local Income Taxes

If you received a refund or credit in 2001 for state or local income taxes you paid before 2001, you may have to report it as income on your Hawaii income tax return. You should receive federal Form 1099-G, or a similar statement, showing the amount of the refund.

Any part of a refund of state or local income taxes paid before 2001 that you were entitled to receive in 2001 but chose to apply to your 2001 estimated state income tax is considered to have been received in 2001.

Do not report your refund as income if the refund was for a year in which you did not itemize your deductions.

If you received a refund of 2000 taxes and you itemized deductions in 2000, figure the taxable portion of your refund using the *State Tax Refund Worksheet* on page 28.

If your refund included taxes from any previous year in which you itemized deductions, a similar calculation must be done for each previous year.

If part of your refund was interest, report the interest on Form N-12, line 8.

If your 2000 Hawaii AGI was over \$100,000 (\$50,000 for married taxpayers filing separately), you may be able to report a smaller amount of your tax refund as income because your itemized deductions were reduced in 2000. To compute the proper amount, see federal Publication 525, "Taxable and Nontaxable Income", under *Itemized deductions limited*. In the computation, however, the Hawaii standard deduction amounts must be used, the amount of the refund due to the Hawaii refundable credits listed in the *State Tax Refund Worksheet* is subtracted, and the

base amount for the limitation of itemized deductions remains at \$100,000 (\$50,000 for married taxpayers filing separately). If you use this calculation, enter the result on Form N-12, line 10.

Line 11

Alimony Received

Alimony or separate maintenance payments that you received are generally taxable income to you. Report this income on line 11.

If you received payments under a divorce or separation instrument executed after 1984, see the instructions for line 28 for information on the rules that apply in determining whether these payments qualify as alimony.

Lines 12 to 12b

Business or Farm Income or (Loss)

If you operated a business or practiced a profession as a sole proprietorship (or an entity classified as a sole proprietorship) this line is used to report the net income or loss from the business. Farming income or losses are also reported on this line.

If your business consists of renting property, report on lines 16a and 16b.

If you receive royalty income, report it on line 18.

Note: *If you had self-employment earnings of at least \$400, you are required to file federal Form 1040. If so, you may have to file Form N-11. See "Which Form to File" on page 6.*

Line 12

Main Business Activity and Product

Report the business activity that accounted for the most gross income included here. Give the general field as well as the product or service. For example, "wholesale—groceries" or "retail—hardware".

Hawaii G.E./Use Tax Identification Number

Enter your Hawaii General Excise/Use Tax Identification Number.

If more than one identification number applies, enter all of them here or on a separate sheet.

Line 12a

Gross Receipts

Enter your gross receipts or sales, net of returns and allowances. If you file Form 1040, enter the amount from federal Schedule C, line 3; federal Schedule C-EZ, line 1; or federal Schedule F, line 11.

If you filed more than one Schedule C, or if you filed Schedule C and Schedule F, enter the total of your gross receipts.

Line 12b

Net Income or (Loss)

Enter your net income or loss. If you file Form 1040, net income or loss can be calcu-

lated on federal Schedules C, C-EZ, or F.

For expenses that are part business and part personal, deduct only the business part. For example, if only half of your car usage was for business, deduct only half of the cost of operating the car. Deduct interest, taxes, and casualty losses not related to your business as itemized deductions. See the instructions for Form N-12, lines 34a-34f.

Sales, exchanges, and involuntary conversions (including casualty or theft) of trade or business property may give rise to ordinary income or (loss), or capital gain or (loss). Report ordinary income or losses on line 18. Report capital gains or losses on line 13.

Information Returns

You may have to file information returns for wages paid to employees, certain payments of fees and other non-employee compensation, interest, rents, royalties, annuities, and pensions. For more information, see the instructions for Forms HW-3, Employer's Return and Reconciliation of Hawaii Income Tax Withheld from Wages, and N-196, Hawaii Annual Information Return.

Line 13

Capital Gain or (Loss)

Note: *Act 221, Session Laws of Hawaii (SLH) 2001, provides that losses sustained from the sale of stocks or other interests issued through the exercise of the stock options or warrants granted by a qualified high technology business are deductible for Hawaii income tax purposes. Act 221, SLH 2001, also, clarifies that the sale of stock options or stock, including stock issued through the exercise of stock options or warrants, from a qualified high technology business or from a holding company of a qualified high technology business by an employee, officer, or director of the qualified high technology business, or investor who qualifies for the high technology business investment tax credit shall be excluded from Hawaii income taxes.*

Note: *The special federal election for capital assets acquired in tax years beginning before January 1, 2001 (election under section 311 of the Taxpayer Relief Act of 1997) is not available for Hawaii income tax purposes.*

This line is used to report:

- Gains or losses from the sale or involuntary conversion of capital assets not held for business or profit.
- Capital gain distributions reported on federal Form 1099-DIV.

The capital gains or losses from the following transactions may also be reported on this line, however, complete Schedule D-1 to determine whether the gain or loss is ordinary or capital. Ordinary income or loss is reported on line 18 (Other Income).

- The sale, exchange, or involuntary conversion (other than casualty or theft) of business property, certain depreciable and amortizable property, certain oil, gas and geothermal property, and IRC section 126 property.
- The involuntary conversion (other than casualty or theft) of capital assets held for business or profit.

- The disposition of other assets not mentioned above.

If property is involuntarily converted because of a casualty or theft, use federal Form 4684, Casualties and Thefts.

Use the *Capital Gain/Loss Worksheet* on page 28 to figure the amount of your capital gains or losses. Before starting the worksheet, determine your **sales price** and **cost basis** for the capital assets you sold, and the gain or loss you realized for each capital asset.

Capital Asset

Most property you own and use for personal purposes, pleasure, or investment is a capital asset. For example, your house, furniture, car, stocks, and bonds are capital assets.

A capital asset as defined by law is any property held by a taxpayer except:

- a. Stock in trade or other property included in inventory or held for sale to customers.
- b. Accounts or notes receivable you received for services in the ordinary course of your trade or business or from the sale of any property described in a. or for services you performed as an employee.
- c. Depreciable property used in your trade or business even if it was fully depreciated.
- d. Real property (real estate) used in your trade or business.
- e. A copyright, literary, musical or artistic composition, letter, memorandum, or similar property,
 1. created by your personal efforts, or
 2. prepared or produced for you (in the case of a letter, memorandum, or similar property), or
 3. that you received from a taxpayer mentioned in 1 or 2, in a way (such as by gift) that entitled you to the basis of the previous owner.
- f. U.S. Government publications (including the Congressional Record) that you received from the government other than by purchase at the normal sales price, or that you got from another taxpayer who had received it in a similar way if your basis is determined by reference to the previous owner.

A transfer of patent rights is generally considered a sale or exchange of a capital asset held for more than one year.

A nonbusiness bad debt must be treated as a short-term capital loss.

Short-Term or Long-Term

Separate your capital gains and losses according to how long you held or owned the property. The holding period for long-term capital gains and losses is more than one year. The holding period for short-term capital gains and losses is one year or less.

To figure the holding period, begin counting on the day after you received the property and include the day you disposed of it. Use the trade dates for date acquired and date sold for stocks and bonds on an exchange or over-the-counter market.

Capital Gain Distributions

If a dividend payor, such as a mutual fund company, reports a capital gain distribution

to you on Form 1099-DIV, this amount is treated as a long-term capital gain regardless of how long you have held your shares. See federal Publication 550 for more details.

Limits on Capital Losses

The limit on capital losses that can be applied against other income after offsetting capital gains is \$3,000. If you are married and filing separately, the limit is \$1,500.

Unused capital losses are carried over for 5 years (15 years for qualified high technology businesses).

The amount of your capital loss carryover is the amount of your capital loss that exceeds the lesser of:

- 1) Your allowable capital loss deduction for the year, or
- 2) Your taxable income increased by your allowable capital loss deduction for the year and your deduction for personal exemptions.

If your deductions exceed your gross income for the tax year, use your negative taxable income in computing the amount in item (2).

Losses That Are Not Deductible

Do not deduct a loss from the sale or exchange of property directly or indirectly between any of the following:

- Members of a family.
- A corporation and an individual or a fiduciary owning more than 50 percent of the corporation's stock (not counting liquidations).
- A grantor and a fiduciary of a trust.
- A fiduciary and a beneficiary of the same trust.
- A fiduciary and a fiduciary or beneficiary of another trust created by the same grantor.
- An individual and a tax-exempt organization controlled by the individual or the individual's family.
- A partnership and a corporation if the same taxpayers own directly or indirectly more than 50% of the capital interest, or profits interest, in the partnership and corporation.

If you sell or otherwise dispose of (1) an asset used in an activity to which the "at risk" rules apply or (2) any part of your interest in an activity to which the "at risk" rules apply (see IRC section 465), combine the gain or loss on the disposition with the profit or loss from the activity. If you have a net loss, you may be subject to the "at risk" provisions.

Special Cases

The following items may require special treatment:

- Transactions by a securities dealer.
- Wash sales of stock or securities.
- Bonds and other evidence of indebtedness if an original issue discount is a factor.
- Gain on the sale of qualified reinvested dividends from a qualified public utility.
- Certain real estate subdivided for sale which may be considered a capital asset.

- Distributions received from an employee pension, profit-sharing, or stock bonus plan (see Form N-152, Tax on Lump-Sum Distributions).
- Gain on the sale of depreciable property between husband and wife or between shareholder and a controlled corporation treated as ordinary gain.
- Gain on disposition of stock in a Domestic International Sales Corporation.
- Gain or loss on options to buy or sell, including closing transactions.
- Transfer of property to a foreign corporation as paid-in surplus or as a contribution to capital, or to a foreign trust or partnership.
- Transfer of property to a partnership which would be treated as an investment company if the partnership was incorporated.

Transfer of Appreciated Property to a Political Organization

If you transfer property to a political organization when the fair market value of the property is more than your adjusted basis, treat the transaction as a property sale on the transfer date. Report the fair market value of the property at the time of the transfer as the sales price. Ordinary income or capital gains provisions apply as if a sale took place.

Exchange of Like-Kind Property

Report the exchange of "like-kind" property on federal Form 8824, Like-Kind Exchanges, and attach the form to your return. You must report it even though no gain or loss is recognized when you exchange business or investment property for property of "like-kind." (This does not include stock in trade or other property held primarily for sale. It also does not include stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest.)

Small Business Stock

Subject to limitations, you may deduct the loss on the sale, exchange, or worthlessness of small business stock (IRC section 1244) as an ordinary loss on line 18 (Other Income). However, gains are reported as capital gains on this line.

Disposition of Business Property

A sale or other disposition of property used in a trade or business, or of an interest in a partnership, may result in either ordinary income or loss, or capital gain or loss. Schedule D-1 should be used to determine whether the gain or loss is ordinary or capital. Ordinary income or loss is reported on line 18 (Other Income).

Also, if the capital goods excise tax credit has been taken on the property, some of the credit may be recaptured. See Form N-312 for further information.

Sale of Your Home

Use Form N-103 to determine the gain or loss from the sale of your main home.

Report a taxable gain from the sale of your

main home as a gain from the sale of a capital asset. A loss from such a sale is not deductible.

You can exclude up to \$250,000 (\$500,000 for certain married persons filing a joint return) of gain from the sale of your main home if both 1 and 2 below apply:

1. Neither you nor your spouse if filing a joint return are excluding gain from the sale of another home after May 6, 1997, and
2. You or your spouse if filing a joint return owned and lived in the home for periods adding up to at least 2 years within the 5-year period ending on the date of sale.

Contact your nearest taxation district office for more details or to obtain Form N-103 which is used to report the sale or exchange.

Installment Sales

If you sold property at a gain, and are to receive any payment in a tax year after the year of sale, you must use the installment method and federal Form 6252, Computation of Installment Sale Income, unless you elect not to. Also use federal Form 6252 if you received a payment in 2001 from a sale made in an earlier year on the installment method.

You may not use the installment method to report income from the sale of stock or securities traded on an established securities exchange. All payments to be received under this type of sale are treated as received in the year of sale.

If you want to elect out of the installment method, you must attach a statement to your return making this election and reporting the full amount of the sale.

Gains and Losses from Section 1256 Contracts and Straddles

For information on how to report gains and losses from regulated futures contracts and straddles, see federal Form 6781.

Undistributed Long-term Capital Gains from Regulated Investment Companies

Include in income as a long-term capital gain the amount which constitutes your share of the undistributed capital gains of a regulated investment company. If a regulated investment company informs you that it has undistributed gains and has told you that it has paid tax to the State of Hawaii because of those gains, you may be entitled to a credit that should be claimed on Schedule CR, line 17b.

Lines 14a and 14b

IRA Distributions

Use line 14a to report your total individual retirement account (IRA) distributions and line 14b to report your taxable amount.

An IRA includes a traditional IRA, Roth IRA, education IRA, simplified employee pension (SEP) IRA, and a savings incentive match plan for employees (SIMPLE) IRA.

If you are reporting a "rollover" from one IRA to another IRA, enter the amount of the distribution on line 14a. If the total distribution was rolled over, enter zero on line 14b. Otherwise, enter the taxable part of the dis-

tribution as ordinary income on line 14b.

Note: If you converted part or all of a traditional IRA to a Roth IRA in 1998, and you are reporting the total 1998 rollover equally over a 4-year period, include on line 14b 1/4 of the Hawaii taxable amount.

If you are reporting distributions from a rollover IRA, the IRA is treated as a continuation of the plan that provided the funds for the IRA. Some of the amounts may be excluded as pension plan benefits. See *Pensions* on page 12.

Do not use lines 14a or 14b to report a rollover from a qualified employer's plan to an IRA; use lines 15a and 15b instead.

Lines 15a and 15b

Pensions and Annuities

Use lines 15a and 15b to report annuity income that is fully or partially taxable. Also use these lines to report distributions from profit-sharing plans and employee-savings plans. For a discussion of non-taxable and taxable pensions and annuities, see *Pensions* on page 12.

To compute the taxable portion of your annuity or pension, use Schedule J.

Caution: Certain transactions, such as loans against your interest in a qualified plan, may be treated as taxable distributions.

Note: If you did not contribute to the cost of your annuity or you recovered your entire cost before January 1, 2001, report the entire amount of the distribution on Form N-12, lines 15a and 15b.

Examples of items you must report:

- Distributions from a private employer pension plan received upon retirement are partially taxed if the employee contributed to the pension plan.
 - Distributions from a deferred compensation plan are fully taxable. If you are receiving a distribution from such a plan, include the gross amount in lines 15a and 15b.
 - Annuity Plans. Attach Schedule J to figure the exempt amount.
 - Rollover IRAs. Report these amounts on lines 14a and 14b.
 - Distributions from a plan that is partly pension and partly deferred compensation, such as a 401(k) plan with a profit sharing component or an employer matching program, a SEP plan with employer contributions as well as a salary reduction option, or a similar hybrid plan, attach Schedule J to figure the taxable amount.
 - A lump-sum distribution from a pension plan of which you are electing to use the special ten-year averaging method. Attach Schedule J and Form N-152, Tax on Lump Sum Distributions, to figure the taxable amount.
- Note:** If your lump-sum distribution included capital gain amounts and you made the capital gain election on Form N-152, you may be able to reduce your tax by including the capital gain amounts in the Tax on Capital Gains Worksheet. See the instructions on page 27.

Lines 16a and 16b

Rents from Real Estate

If you rented real property during the year, report on this line. Report any other sole proprietorship activity on lines 12 to 12b.

Hawaii G.E./Use Tax Identification Number

Enter your Hawaii General Excise/Use Tax Identification Number, even if you wrote the same number down on line 12.

If more than one identification number applies, enter all of them here or on a separate sheet.

Line 16a

Gross Rents

Enter your gross rents. If you file Form 1040, enter the amount from federal Schedule E, line 3. (Royalty income from Schedule E is reported on line 18.)

If you filed more than one Schedule E, enter the total of your gross rents.

Line 16b

Net Income or (Loss)

Enter your net income or loss. If you file Form 1040, you will normally enter the amount from Schedule E, line 26.

Line 17

Unemployment Compensation

Unemployment compensation you receive is taxable. You should receive federal Form 1099-G, or a similar statement, showing the total unemployment compensation paid to you during the year. For payments in 2001 you should receive this statement by January 31, 2002.

Note: Supplemental unemployment benefits received from a company-financed supplemental unemployment benefit fund are wages. They are not considered unemployment compensation. Report these benefits on Form N-12, line 7.

If you received any unemployment compensation during the taxable year, enter the total from federal Form(s) 1099-G on line 17.

Line 18

Other Income

Use line 18 to report any income that is not reported elsewhere on your return or other schedules. Attach an explanation showing the nature and source of the income.

Caution: Do not report any income from self-employment on line 18. If you have income from self-employment, report it on lines 12 to 12b.

Examples of income to be reported on line 18 are:

- **Royalty income.** (Note: Amounts received by an individual or a qualified high technology business as royalties and other income derived from patents, copyrights, and trade secrets (1) owned by the individual or qual-

ified high technology business, and (2) developed and arising out of a qualified high technology business are excluded from gross income, adjusted gross income, and taxable income.)

- **Prizes, awards, and gambling winnings.** Proceeds from lotteries, raffles, and other games of chance are gambling winnings. You must report the full amount of your winnings on this line. You cannot offset losses against winnings and report the difference.

If you had any gambling losses, you may take them as a miscellaneous itemized deduction not subject to the 2% AGI limitation on line 34f. However, you cannot deduct more losses than the winnings you report.

- **Repayment of items that you deducted in an earlier year,** such as medical expenses or real estate taxes, if the deduction reduced your tax.
- Amounts you recovered on **bad debts** that you deducted in an earlier year.
- **Fees received for jury duty and precinct election board duty.** These fees are taxable, but you may be able to deduct part or all of your jury duty pay if you were required to turn it over to your employer. See the instructions for line 31 on page 36.
- **Taxable Individual Housing Account (IHA) distributions.** See *Individual housing accounts* on page 11.
- **Scholarships and fellowships.** If you received a scholarship or fellowship that was granted after August 16, 1986, part or all of it may be taxable even if you didn't receive a federal W-2 form. If you were a degree candidate, the amounts you used for expenses other than tuition and course-related expenses are taxable. For example, amounts used for room, board, and travel are taxable. If you were not a degree candidate, the full amount of the scholarship or fellowship is taxable. Include the taxable amount on line 18.
- **Your share of income from a partnership, S corporation, estate, or trust.** The amount of income will be reported to you on a Hawaii Schedule K-1.
- **Taxable medical savings account distributions.** Distributions from medical savings accounts which were used for purposes other than medical expenses are taxable.
- **Qualified state tuition program earnings upon distribution.**

Net Operating Loss

Note: Act 297, Session Laws of Hawaii 2000, provides that a qualified high technology business may apply to the Hawaii Department of Taxation to sell its unused net operating loss carryover to another taxpayer (after December 31, 2000, and before January 1, 2004). The buyer shall claim the purchased net operating loss deduction in the year in which the sale is approved. If you purchased a qualifying net operating loss from a qualified high technology business, include the amount of the purchased net operating loss on this line. Also, attach a statement to

your tax return with the following information: 1) name(s) and identification number(s) of the qualified high technology business(es) from which the net operating loss(es) was purchased, 2) amount of the net operating loss purchased from each qualified high technology business, and 3) amount paid to the qualified high technology business for the net operating loss.

If, in 2001, your business or profession lost money, or you had a casualty loss, or a loss from the sale or other disposition of depreciable property or real property used in your trade or business, you can apply the losses against your 2001 income. If the losses exceed your income, the excess is a "net operating loss".

In general, net operating losses arising in taxable years beginning after August 5, 1997, may be used to reduce your income for the 2 years before 2001 and the 20 years after, or you may elect to use it to reduce your income for the 20 following years without carrying the loss to the 2 prior years. The portion of a net operating loss for a tax year that's an "eligible loss" may be carried back to the 3 preceding tax years. In the case of an individual, eligible losses are property losses arising from fire, storm, shipwreck, or other casualty, or from theft. In the case of a taxpayer that's a small business (a sole proprietorship whose average annual gross receipts are \$5 million or less for the tax year in which the loss arose), or engaged in the trade or business of farming, eligible losses are net operating losses attributable to Presidentially declared disasters. If you carry back the loss and are due a refund from the carryback, you may use Form N-109, Application for Tentative Refund from Carryback of Net Operating Loss, to get a quick refund. But if you elect to carry the loss forward instead, you must attach a statement to this effect on a timely filed return (including extensions). If you make such an election, it cannot be changed later.

If you had a loss in a prior year to carry forward to 2001, include the amount on line 18. If there is no other income to report, enter the loss amount in (parentheses) as a minus figure. Attach a separate sheet showing how you figured the amount. See Form N-109 for details.

Line 19

Total Income

Add the amounts from line 7 through line 18.

If any of these amounts are negative, first add all the positive amounts. Next, add all the negative amounts. Then, subtract the total of the negative amounts from the total of the positive amounts and enter the result on line 19. If the result is negative, enter it in (parentheses).

Adjustments to Income

Line 20

Individual Retirement Accounts (IRAs)

Note: *Act 199, Session Laws of Hawaii 2001, adopted the federal provision relating to the individual retirement account limitations.*

You may claim the same amount allowed on your Federal return as an IRA deduction. For more information, see the instructions to federal Form 1040.

Note: *You cannot deduct contributions to a Roth IRA or an education IRA.*

For more information, see section 18-235-5-03(f), Hawaii Administrative Rules.

Line 21

Student Loan Interest Deduction

You may take this deduction if all five of the following apply.

1. You paid interest in 2001 on a qualified student loan (see below).
2. At least part of the interest paid in 2001 was paid during the first 60 months that payments were required to be made. See the Example on this page.
3. Your filing status is any status except married filing separately.
4. Your Hawaii modified adjusted gross income (AGI) is less than: \$55,000 if single, head of household, or qualifying widow(er); \$75,000 if married filing jointly.
5. You are not claimed as a dependent on someone's (such as your parent's) 2001 tax return.

If you paid interest on a qualified education loan (see below), you may be able to deduct up to \$2,500 of the interest on this line. But you may only deduct interest for the first 60 months in which interest payments are required.

Example. You took out a qualified student loan in 1994 while in college. You had 6 years to repay the loan and your first monthly payment was due July 1996, after you graduated. You made a payment every month as required. If you meet items 3 through 5 listed above, you may use only the interest you paid for January through June, 2001, to figure your deduction. June, 2001 is the end of the 60 month period (July 1996 - June 2001).

Qualified student loan. This is any loan you took out solely to pay qualified higher education expenses (see below) for you, your spouse, or anyone who was your dependent when the debt was incurred. Loans between related parties are not eligible. If you refinanced a qualified student loan, see federal Publication 970.

Qualified higher education expenses include tuition, fees, room and board, and related expenses such as books and supplies. The expenses must be for education in a degree, certificate, or similar program at an eli-

gible educational institution. An eligible educational institution includes most colleges, universities, and certain vocational schools. You must reduce the expenses by the following nontaxable benefits:

- Employer-provided educational assistance;
- U.S. Series EE savings bond interest exclusion;
- Qualified distributions from an education IRA;
- Any scholarship, educational assistance allowance, or other payment excluded from income (except for gifts, inheritances, etc.).

You cannot deduct interest if it is deducted elsewhere, such as home mortgage interest on Schedule A.

How To Figure the Deduction. Use the *Student Loan Interest Deduction Worksheet* on page 29 to figure your deduction.

Line 22

Archer MSA Deduction

Note: *Act 199, Session Laws of Hawaii 2001, adopted the federal provision which extends the medical savings account program (renamed as Archer MSA) through 2002.*

You may claim the same amount allowed on your Federal return as an Archer MSA deduction.

For more information, see the instructions to federal Form 1040.

Line 23

Moving Expenses

Employees and self-employed persons (including partners) can deduct certain moving expenses.

You can take this deduction if you moved in connection with your job or business and your new workplace is at least 50 miles farther from your old home than your old home was from your old workplace. If you had no former workplace, your new workplace must be at least 50 miles from your old home.

This deduction cannot be taken if you moved out of Hawaii and gave up your Hawaii residency.

For more details, see Form N-139. Complete and attach the form to your return.

Line 24

One-half of Self-Employment Tax

If you are self-employed, you may deduct as a business expense 50% of the amount of self-employment taxes paid for the tax year.

For more information, see the instructions for federal Form 1040.

Line 25

Self-Employed Health Insurance Deduction

If you are self-employed, you will be able to deduct as a business expense 60% of the

amount you pay for medical insurance covering yourself, your spouse, and your dependents provided that your net earned income from your business is at least equal to the deduction.

However, if in addition to running your own business, you are an employee of another person, you will not be able to deduct the medical insurance costs you pay if you are eligible to participate in a plan maintained by your employer. This is also true even if it is your spouse who is employed and you are eligible to participate in your spouse's company plan.

For more information, see the instructions for federal Form 1040.

Line 26

Self-Employed SEP, SIMPLE, and Qualified Plans

Caution: *You must have earnings from self-employment to claim this deduction. Sole proprietors and partners enter the allowable deduction for contributions to your SEP, SIMPLE, and qualified plans (H.R. 10 plans or Keogh plans) on line 26.*

There are two types of Keogh (H.R. 10) retirement plans:

- **Defined contribution plan**—This plan provides an individual account for each person in the plan. In general, if contributions to the plan are geared to the employer's profits, the plan is a profit-sharing plan. If contributions are not based on the employer's profits, the plan is a money purchase pension plan.
- **Defined benefit plan.**—The deduction for this type of plan is determined by the investment needed to fund a specific benefit at retirement age. Write "DB" on the line to the left of the amount if you have a defined benefit plan.

For more information, see the instructions for federal Form 1040.

Line 27

Interest Penalty on Early Withdrawal of Savings

The federal Form 1099-INT given to you by your bank or savings and loan association will show the amount of any interest penalty you were charged because you withdrew funds from your time savings deposit before its maturity. Enter this amount on line 27. (Be sure to include the interest income on Form N-12, line 8.)

Line 28

Alimony Paid

You can deduct (subject to Department of Taxation Rules) periodic payments of alimony or separate maintenance made under a court decree. You can also deduct payments made under a written separation agreement or a decree for support. You CANNOT deduct lump-sum cash or property settlements, voluntary payments not made under a court or a written separation agreement, or amounts

specified as child support.

If you paid alimony to one person, enter the name and social security number of the recipient in the blank space to the right of line 28.

If you paid alimony to more than one person, enter the name and social security number of one of the recipients. Show the social security number(s) and the amount paid to the other recipient(s) on an attached statement. Enter your total payments on line 28.

Generally, you may deduct any payment made in cash to, or on behalf of, your spouse or former spouse under a divorce or separation instrument executed after 1984 if **ALL** 5 of the following apply:

- 1) The instrument does not prevent the payment from qualifying as alimony.
- 2) You and your spouse or former spouse did not live together when the payment was made if you were separated under a decree of divorce or separate maintenance.
- 3) You are not required to make any payment after the death of your spouse or your former spouse.
- 4) The payment is not treated as child support.
- 5) For instruments executed in 1985 or 1986, the minimum term rule is met.

If your alimony payments decrease or terminate during the first 3 calendar years, you may be subject to a recapture rule.

For more information, see federal Publication 504, Tax Information for Divorced or Separated Individuals.

For more information, see section 18-235-5-03(e), Hawaii Administrative Rules.

Line 29

Payments to an Individual Housing Account

See the instructions for Form N-11, line 16, on page 13.

Line 30

Military Reserve or Hawaii National Guard Duty Pay Exclusion

Hawaii does not tax the first \$1,750 received by each member of the reserve components of the army, navy, air force, marine corps, coast guard of the United States of America, and the Hawaii national guard, as compensation for performance of duty as such. If you qualify, enter the **smaller** of:

- \$1,750, or
- Your pay, as shown on Box 16 of the Form W-2 sent to you by your reserve component.

If you are married filing a joint return, and you and your spouse qualify, add the exclusions for both of you and enter the total on line 30.

Line 31

Total Adjustments

Add lines 20 through 30. Enter the total on this line. Include in the total on line 31 contributions by an individual development account (IDA) holder to their IDA. Include the contributions made during 2001 in the total on line 31 and write "IDA Contribution" on the dotted line to the left of the total. Also include in the total on line 31 jury duty pay you are required to give to your employer because your employer continues to pay your salary while you serve on the jury. Include the amount you repaid during 2001 in the total on line 31 and write "Jury Pay" on the dotted line to the left of the total.

Line 32

Hawaii Adjusted Gross Income

Line 19 minus line 31. If line 32 is less than zero (0), you may have a net operating loss that you can carry to another tax year. If you carry the loss back to earlier years, see Form N-109.

Deductions and Taxable Income Computation

Line 33

Enter amount from line 32 (Hawaii adjusted gross income).

Note: *If you can be claimed as a dependent on another person's return, check the box under line 33. Complete the Standard Deduction for Dependents Worksheet on page 37 and enter the appropriate amount on line 35 if you do not itemize your deductions.*

Lines 34a to 34f

Itemized Deductions

Taxpayers who itemize their deductions may deduct certain kinds of expenses from their adjusted gross income.

Taxpayers who do not itemize their deductions may reduce their adjusted gross income by the amount of the standard deduction appropriate to their filing status. The amount of the standard deduction is determined on line 35.

You will fall into one of the three classes below:

- You **MUST** itemize deductions,
- You choose to itemize, or
- You do not itemize.

The three classes are described as follows:

You **MUST** Itemize Deductions

You must itemize deductions if:

- You are married filing a separate return, and your spouse itemizes.
- You are making a return under IRC section 443(a)(1) for a period of less than 12 months on account of a change in your annual accounting period.

You Choose to Itemize

You may choose to itemize your deductions if you are:

- Married filing a joint return, or a qualifying widow(er) with dependent child, and your itemized deductions are more than \$1,900.
- Married and filing a separate return, and your itemized deductions are more than \$950.
- Single, and your itemized deductions are more than \$1,500.
- A head of household, and your itemized deductions are more than \$1,650.
- A dependent of another taxpayer and your itemized deductions are more than the greater of (1) \$500 or (2) your earned income up to the amount of the standard deduction for your filing status.

If you do itemize, your deductions are generally figured on *Worksheets A-1 to A-6*, beginning on page 26. Enter the amounts on Form N-12, line 34a to 34f.

For more information on what deductions you can itemize, see the instructions to Form N-11, lines 20a to 20f, beginning on page 15.

You Do Not Itemize

If your itemized deductions are less than the standard deduction amount shown above for your filing status (or you choose not to itemize), go to line 35 and enter your standard deduction amount there (unless you **MUST** itemize as described earlier).

Line 35

Total Itemized Deductions or Standard Deduction

Dependents

If your parent (or someone else) can claim you as a dependent on his or her return (even if that person chose not to claim you), check the box *under line 33*. If you are claiming the standard deduction, see **Standard Deduction for Dependents** on page 37 to figure your standard deduction.

Itemized Deductions

Your state income tax will be less if the total of your itemized deductions is larger than the standard deduction. To figure your itemized deductions, fill in lines 34a to 34f.

If the amount on Form N-12, line 32, is \$100,000 or less (\$50,000 if married filing separately), add lines 34a through 34f, and enter the result on line 35.

People with higher incomes may not be able to deduct all of their itemized deductions. If the amount on Form N-12, line 32, is more than \$100,000 (\$50,000 if married filing separately), use the worksheet on page 28 to figure the amount you may deduct.

Standard Deduction

Taxpayers who do not itemize their deductions may reduce their adjusted gross income by the amount of the standard deduction appropriate to their filing status. The amount of the standard deduction for each filing status is listed on the next page:

Filing Status	Standard Deduction
Single	\$1,500
Married filing jointly	1,900
Married filing separately	950
Head of Household	1,650
Qualifying Widow(er)	1,900

Standard Deduction for Dependents. If you can be claimed as a dependent by someone else and you do not itemize your deductions, your standard deduction is limited to the greater of \$500 or your earned income (up to the full standard deduction for your filing status). The standard deduction for an individual who can be claimed as a dependent on the tax return of another taxpayer is computed as follows:

- A.** Enter your earned income (defined below). If none, enter zero.**A.**
- B.** Minimum amount**B.** 500.00
- C. Compare** the amounts on lines A and B above. Enter the LARGER of the two amounts here.....**C.**
- D.** Maximum amount. Enter the full standard deduction for your filing status, shown in the chart above, here.....**D.**
- E. Compare** the amounts on lines C and D above. Enter the SMALLER of the two amounts here and on Form N-12, line 35.....**E.**

Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income. Generally, your earned income is the total of the amounts you reported on Form N-12, lines 7 and 12b, minus the amount, if any, on line 24.

Line 36

Line 33 minus line 35.

Line 37

Exemptions

Regular Exemptions

Full year residents are allowed \$1,040 for each exemption they can claim. Multiply \$1,040 by the total number of exemptions you claimed on line 6e. **Remember, if you can be claimed as a dependent on another person's tax return, you may not claim an exemption for yourself.**

Blind, Deaf, or Totally Disabled—Definition, Certification, and Exemptions

Check the appropriate box(es) on line 37 if you are blind, deaf or totally disabled and your impairment has been certified. You must submit a completed Form N-172 prior to filing your return in order to claim this exemption. **If you do not, the exemption will be disallowed and your return processed without the disability exemption(s) claimed.**

See the discussion regarding this exemption on page 20.

Enter the appropriate amount on line 37.

For more information, see Tax Information Release No. 89-3, "State Tax Benefits Available to Persons with Impaired Sight, Im-

paired Hearing, or Who are Totally Disabled" and Tax Information Release No. 94-2, "State Tax Benefits Available to Persons Totally Disabled".

Line 38

Taxable Income

Line 36 minus line 37, but not less than zero.

Tax Computation

Line 39

Tax

To figure your tax, you will use one of the following methods. Read the conditions below to see which you should use, and check the appropriate box on line 39. Then, go to the *Tax Computation Worksheet* on page 27.

Tax Table

If your taxable income is less than \$100,000, you MUST use the Tax Table on pages 48 through 59 to find your tax. Be sure you use the correct column in the Tax Table. After you have found the correct tax, enter that amount. There is an example at the beginning of the table to help you find the correct tax.

Tax Rate Schedules

You must use the Tax Rate Schedules on page 60 to figure your tax if your taxable income is \$100,000 or more.

Alternative Tax on Capital Gains

If you have a net capital gain, you may be able to reduce your tax using the *Tax on Capital Gains Worksheet* on page 27 if your taxable income is over \$24,000 (\$12,000 for Single, and Married Filing Separately, classifications). If your taxable income is \$24,000 (\$12,000 for Single, and Married Filing Separately, classifications) or under, do not use the *Tax on Capital Gains Worksheet* on page 27.

Form N-168

An individual engaged in a farming business may elect to average their farm income over a three-year period. See Form N-168 for more information.

Form N-615

If a child under age 14 has investment income of more than \$1,000, use Form N-615 to see if any of the child's investment income is taxed at the parent's rate and, if so, to figure the child's tax. See Form N-615 for more information.

Total Tax Liability

Use the *Tax Computation Worksheet* on page 27 to figure your total tax liability.

Nonrefundable Credits

Line 40

Total Nonrefundable Tax Credits

If you are claiming any nonrefundable tax credits, you must use Schedule CR, Schedule of Tax Credits, to summarize the total nonrefundable tax credits claimed. Complete Part I of Schedule CR, and enter the amount from Schedule CR, line 10, on Form N-12, line 40. Attach Schedule CR directly behind Form N-12. The following nonrefundable tax credits are included on Schedule CR:

Credit for Income Taxes Paid to Other States and Countries

If you have out-of-state income that is taxed by another state or foreign country and also by Hawaii, you may claim a credit against your Hawaii income for the net income tax you paid to the other state or foreign country if you meet certain conditions as discussed in the instructions on page 21.

To figure the allowable amount of the credit, first determine how much of your income was from Hawaii sources. Then fill in the *Other State and Foreign Tax Credit Worksheet* on page 27 and follow all the instructions.

Credit for Beneficiaries of Foreign Trusts

See the instructions on page 21.

Credit for Shareholders of S Corporations

See the instructions on page 21.

Energy Conservation Tax Credit

Each individual resident taxpayer who files a net income tax return for 2001 may claim a tax credit against his or her income tax liability for a solar or wind energy system, heat pump, or ice storage system installed and placed in service in 2001.

For more information, see the instructions on page 21.

To claim this credit, complete Form N-157 and Schedule CR and attach them to your return.

Enterprise Zone Tax Credit

A qualified enterprise zone business is eligible to claim a credit for a percentage of net income tax due the State attributable to the conduct of business within a zone and a percentage of the amount of unemployment insurance premiums paid based on the payroll of employees employed at the business firm establishments in the zone.

For more information, see the instructions on page 21.

To claim this credit, complete Form N-756 and Schedule CR and attach them to your return.

Low-Income Housing Tax Credit

Hawaii's low-income housing tax credit is equal to 30% of the tax credit allocated by the Housing and Community Development Corporation of Hawaii for qualified buildings located within the State of Hawaii.

Contact the Housing and Community Development Corporation of Hawaii for qualifying requirements and further information.

To claim this credit, complete Form N-586 and Schedule CR and attach them to your return.

Credit for Employment of Vocational Rehabilitation Referrals

For more information, see the instructions on page 22.

To claim this credit, complete Form N-884 and Schedule CR and attach them to your return.

High Technology Business Investment Tax Credit

Act 221, Session Laws of Hawaii 2001, amended the high technology business investment tax credit to allow a credit for investment in a qualified high technology business for the taxable year in which the investment was made and the following four years. The credit is 35% of the investment in the year the investment is made, 25% for the first year following the year the investment was made, 20% for the second year following the investment, and 10% for each of the third and fourth years following the investment. The credit is subject to limitations and recapture requirements.

For more information, see the instructions on page 22.

To claim this credit, complete Form N-318 and Schedule CR and attach them to your return.

Individual Development Account Contribution Tax Credit

A taxpayer contributing matching funds to an individual development account may claim a tax credit of 50% of the amount contributed for taxable years beginning after December 31, 1999, and before January 1, 2005.

For more information, see the instructions on page 22.

To claim this credit, complete Form N-320 and Schedule CR and attach them to your return.

Technology Infrastructure Renovation Tax Credit

Act 221, Session Laws of Hawaii 2001, provides an income tax credit equal to 4% of renovation costs incurred to provide a commercial building with technology-enabled infrastructure. The credit is available for taxable years beginning after December 31, 2000, and shall not be available for taxable years beginning after December 31, 2005.

For more information, see the instructions on page 22.

To claim this credit, complete Form N-326 and Schedule CR and attach them to your return.

Credit for School Repair and Maintenance

Act 309, Session Laws of Hawaii 2001, provides a credit to licensed contractors, pest control operators, and professional engineers, architects, surveyors and landscape architects who are subject to Hawaii's income tax for contributions of in-kind services for the repair and maintenance of public schools. The credit shall be an amount equal to 10% of the value of the services contributed.

For more information, see the instructions on page 22.

To claim this credit, complete Form N-330 and Schedule CR and attach them to your return.

Line 41

Line 39 minus line 40. Enter the result on this line, but not less than zero.

Tax Already Paid

Line 42

Total Hawaii Income Tax Withheld

Add the Hawaii income tax withheld as shown on your Form N-2, and federal Forms W-2 and 1099-G (unemployment compensation). Enter the total on this line.

Note: If taxes were withheld on the sale of Hawaii real property, report this amount on line 43, "2001 Estimated Tax Payments".

Line 43

2001 Estimated Tax Payments

Enter on this line your estimated Hawaii income tax payments you made on Form N-1 for 2001. Do not include your 2000 overpayment you requested to have applied to your 2001 estimated tax (this amount is to be reported on line 44).

If you had taxes withheld on the sale of Hawaii real property and you did not apply for a refund of those taxes on Form N-288C, "Application for Tentative Refund of Withholding on Dispositions of Hawaii Real Property Interests", include the amount of taxes withheld and attach a copy of the Form(s) N-288A showing the withholding. If you filed a Form N-288C, subtract the amount of refund you already applied for on that form.

If the tax was withheld for you through a partnership, estate, trust or S corporation, see the Instructions for *Pro Rata Share of Taxes Withheld and Paid by a Partnership, Estate, Trust, or S Corporation on the Sale of Hawaii Real Property Interests* on page 40.

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, either of you can claim all of the

amount paid or you can each claim a part of it. Please be sure to show both social security numbers on the separate returns. If you or your spouse paid separate estimated tax, but you are now filing a joint income tax return, add the amounts you each paid.

Follow the above instructions even if your spouse died during the year.

Line 44

2000 Overpayment Applied to 2001 Estimated Tax

Enter on this line any overpayment from your 2000 return that you applied to your 2001 estimated tax as shown on line 54 of your 2000 Form N-12.

Line 45

Amount Paid with Extension(s)

If you filed Form N-101A (or federal Form 4868) and/or N-101B (or federal Form 2688) to get an extension of time to file Form N-12, enter the amount you paid on this line.

Refundable Credits

IMPORTANT! If the amount of payments plus these credits is at least \$1 more than your tax, the difference will be refunded to you. It is very important that you *carefully* read the following instructions for each of these credits to ensure that you properly claim all the credits to which you are entitled.

Warning: Many of the following credits **MUST** be claimed on or before the end of the twelfth month following the end of the taxable year. If you do not claim these credits within that period, the credits are **waived** and **cannot** be claimed later, even on an amended return.

Line 46

Low-Income Refundable Tax Credit

If your Hawaii adjusted gross income was \$20,000 or less, you may qualify for this credit. See the instructions for Schedule X, Part I, on page 42. Figure the credit on Schedule X, Part I, and enter the amount of the credit here.

Note: Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.

Deadline for claiming this credit. Claims for this credit, including any amended claims, must be filed on or before the end of the twelfth month after the close of your taxable year.

Line 47

Credit for Low-Income Household Renters

If you occupy and pay rent for real property within the State as your residence, your Hawaii adjusted gross income was less than \$30,000, and the rent you paid during 2001

was more than \$1,000, you may qualify for this credit. To see if you qualify, see the instructions for Schedule X, Part II, on page 43. If you qualify, figure the credit on Schedule X, Part II, and enter the amount of the credit here.

Note: Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Line 48

Credit for Child and Dependent Care Expenses

Certain payments made for child and dependent care (including payments made to the State of Hawaii A+ Program) may be claimed as a credit against your tax due. To see if you qualify, see the instructions for Schedule X, Part III, on page 44. If you qualify, figure the credit on Schedule X, Part III, and enter the amount of the credit here.

Note: Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.

Line 49

Credit for Child Passenger Restraint System

Each resident taxpayer who files an individual income tax return for the taxable year may claim a tax credit for 2001 for the purchase of **one or more new** child passenger restraint systems which comply with federal motor vehicle safety standards.

Note: This credit is \$25 *per return* regardless of the cost or the number of restraint systems purchased.

To Claim this Credit. Enter \$25 in line 49, and attach a copy of the sales invoice, which states the type of child restraint system purchased, to your return.

Your claim for this credit may be rejected if the invoice is not attached, or if 1) or 2) applies but no statement or explanation is attached.

- 1) If the invoice doesn't have your name on it, you must attach a statement saying that you and nobody else is claiming the credit for the purchase described in the invoice.
- 2) If the invoice has somebody else's name on it, you must attach an explanation.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Line 50

Credit for \$1 General Income Tax

Act 119, Session Laws of Hawaii 2001, pro-

vides that each resident taxpayer who files an individual income tax return for the taxable year, including those who have no income or no income taxable under chapter 235, HRS, may claim a one-time \$1.00 general income tax credit, provided that the taxpayer is not eligible to be claimed as a dependent for federal or State income tax purposes by another taxpayer. The credit is multiplied by the number of qualified exemptions to which the taxpayer is entitled.

For more information, see the instructions on page 23.

To Claim This Credit. There is no special form to be filed. All you need to do is multiply \$1.00 by the number of your qualified exemptions. Enter the amount on line 50.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Line 51

Total Refundable Tax Credits from Schedule CR

If you are claiming any of the following refundable tax credits, you must use Schedule CR, Schedule of Tax Credits, to summarize the total refundable tax credits claimed. Complete Part II of Schedule CR, and enter the amount from Schedule CR, line 18, on Form N-12, line 51. Attach Schedule CR directly behind Form N-12. The following refundable tax credits are included on Schedule CR:

Capital Goods Excise Tax Credit

A four percent credit is available to Hawaii businesses that acquire qualifying business property and place it in service during the taxable year.

To Claim This Credit. Complete Form N-312 and Schedule CR and attach them to your return.

For more information, see the instructions for Form N-312, Tax Information Release No. 88-6, *Capital Goods Excise Tax Credit*, Tax Information Release No. 88-8, *Capital Goods Excise Tax Credit Recapture*, and Tax Information Release No. 89-4, *The Taxpayer Who Is Entitled To The Capital Goods Excise Tax Credit When the Parties Characterize a Transaction As A Sale-Leaseback*.

Fuel Tax Credit for Commercial Fishers

Each principal operator of a commercial fishing vessel who files an individual income tax return may claim an income tax credit for certain fuel taxes paid during the year.

To Claim This Credit. Complete Form N-163 and Schedule CR and attach them to your return.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your tax-

able year.

Hotel Construction and Remodeling Tax Credit

A tax credit of 4% of the construction or renovation costs incurred during the taxable year for each qualified hotel facility located in Hawaii is provided for taxable years beginning after December 31, 1998, and before January 1, 2003.

To Claim This Credit. Complete Form N-314 and Schedule CR and attach them to your return.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Motion Picture and Film Production Income Tax Credit

A taxpayer may claim an income tax credit of up to 4 percent of costs incurred, and of up to 7.25 percent of transient accommodations costs incurred in Hawaii in the production of motion picture or television films.

To Claim This Credit. Complete Form N-316 and Schedule CR and attach them to your return.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Tax Credit for Research Activities

Act 221, Session Laws of Hawaii 2001, amended the 20% tax credit for increasing research activities by disregarding federal base amounts for purposes of determining the Hawaii credit for research conducted in Hawaii. This credit is available for taxable years beginning after December 31, 2000, and before January 1, 2006.

To Claim This Credit. Complete Form N-319 and Schedule CR and attach them to your return.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Drought Mitigating Water Storage Facility Income Tax Credit

Act 293, Session Laws of Hawaii 2001, provides a refundable credit in the amount of 4% of qualifying costs incurred and paid by farmers or ranchers for a qualified water storage facility.

To Claim This Credit. Complete Form N-328 and Schedule CR and attach them to your return.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Other Credits

Pro Rata Share of Taxes Withheld and Paid by a Partnership, Estate, Trust, or S Corporation on the Sale of Hawaii Real Property Interests

If taxes were withheld on the sale of your Hawaii real property, see the instructions for 2001 *Estimated Tax Payments* on page 38.

If the tax was withheld by a partnership, estate, trust or S corporation, and you are taxable on a pro rata share of the entity's gain on the sale, include **ONLY** the amount of your pro rata share of any net income taxes withheld and paid by the partnership, estate, trust or S corporation on Schedule CR, line 17a, and attach an explanation that includes the name and tax identification number of the entity withholding the tax.

Note: *If the partnership, estate, trust or S corporation filed a Form N-288C, "Application for Tentative Refund of Withholding on Dispositions of Hawaii Real Property Interests", you may not claim this credit for your share of the amount being refunded to the entity.*

Credit From a Regulated Investment Company

A shareholder of a regulated investment company is allowed a credit for the tax paid to the State by the company on the amount of capital gains which by section 852(b)(3)(D) of the Internal Revenue Code is required to be included in the shareholder's return. The regulated investment company will notify you of the undistributed capital gains amount and the tax paid, if any. If this credit applies to you, include the amount on Schedule CR, line 17b, and attach an explanation.

Line 52

Total Payments and Credits

Add lines 42 through 51. Enter the amount on this line.

Refund or Balance Due

Line 53

Amount Overpaid

If line 52 is larger than line 41, line 52 minus line 41 is the amount overpaid. Act 311, Session Laws of Hawaii 2001, establishes the Hawaii School-Level Minor Repairs and Maintenance Special Fund to provide moneys for school-level minor repairs and maintenance. If you have an overpayment of at least \$2 (\$4 if

married and filing a joint return), you can choose to contribute to the Hawaii school-level minor repairs and maintenance special fund (line 56).

Line 54

Applied to 2002 Estimated Tax

Enter the amount from line 53 that you want applied to your estimated tax for 2002.

We will apply amounts to your account unless you attach a request to apply it to your spouse's account. The request should include your spouse's social security number and full name.

Line 55

Line 53 minus line 54.

Line 56

Contribution to the Hawaii School-Level Minor Repairs and Maintenance Special Fund

If you want to contribute to the Hawaii school-level minor repairs and maintenance special fund, enter \$2 (\$4 if your spouse also wants to contribute and you are filing jointly). No other amounts can be accepted. Your contribution will reduce your refund. Once made, the contribution cannot be revoked.

Line 57

Refund

Line 55 minus line 56. This is the amount that you will be refunded to you.

Line 58

Balance Due

If line 41 is larger than line 52, line 41 minus line 52 is your balance due. Use Form N-200V, Individual Income Tax Payment Voucher, to send your payment to the Department of Taxation.

Note: *If you include penalty and/or interest for the late filing of your return with your payment, identify and enter these amounts on a separate sheet of paper and attach to Form N-12. Do not include the penalty and/or interest amounts for the late filing of your return in the Balance Due on line 58.*

Note: *If you cannot pay the full amount you owe, you can ask to enter a payment agreement by attaching a letter requesting for a*

payment agreement, with the following information, to the front of your tax return: (1) Your name (as stated on the tax return), (2) Your social security number, (3) Type of tax (individual income tax), and (4) Period or year (calendar year 2001). You should, however, still send in payments until you are notified by the Department.

Line 59

Underpayment of Estimated Tax Penalty

See the instructions for **Penalties and Interest** on page 41 and Form N-210, Underpayment of Estimated Tax by Individuals and Fiduciaries, to see if you owe a penalty for the underpayment of estimated taxes. If you owe a penalty, enter the penalty amount on Form N-12, line 59. Add the penalty amount to any tax due and enter the total on line 58. If you have an overpayment, subtract the penalty amount from the overpayment you show on line 53. However, if your overpayment is less than the penalty amount, enter the difference as a balance due on line 58.

Check the box at line 59 if Form N-210 is attached.

Line 60

2002 Forms

If your Form N-12 is prepared by someone else, or if you do not need Hawaii income tax forms mailed to you next year, check the box at line 60, and you will receive a preprinted label only

Line 61

Sale of a Qualified High Technology Business' Net Operating Loss

Act 297, Session Laws of Hawaii 2000, provides that a qualified high technology business may apply to the Hawaii Department of Taxation to sell its unused net operating loss carryover to another taxpayer (after December 31, 2000, and before January 1, 2004). Proceeds from the sale are not considered taxable income for the selling company.

Enter the amount of proceeds from the sale of a qualified high technology business' net operating loss on this line. Also, attach a statement to your tax return with the following information: 1) name(s) and identification number(s) of the person(s) to whom you sold your net operating loss, and 2) amount of the net operating loss sold to each person.

Forms N-11 and N-12 filers, continue with Step 6 below.

Step 6

Check your return to make sure it is correct.

Step 7

Third Party Designee

You have the option of checking the "Yes" or "No" box above the signature area of your tax return to indicate whether you want to authorize the Department of Taxation to discuss your tax return with a person that you designate. If you check the "Yes" box on your tax return, and enter the name of your third party designee, telephone number, and identification number, you are authorizing the Department to call your third party designee to answer any questions that may arise during the processing of your tax return.

Step 8

Sign and date your return.

Form N-11 or Form N-12 is not considered a valid return unless you sign it. If you are unable to sign the return (due to disease or injury, etc.), you can appoint an agent to sign your return. A return signed by an agent must have a power of attorney attached that authorizes the agent to sign for you. You can use Form N-848, Power of Attorney.

Be sure to date your return. If you have someone else prepare your return, you are still responsible for the correctness of the return.

Joint Return. Your spouse must also sign Form N-11 or Form N-12 if it is a joint return. If your spouse cannot sign because of disease or injury and tells you to sign, you can sign your spouse's name in the proper space on the return followed by the words "By (your name), Husband (or Wife)." Be sure to also sign in the space provided for your signature. Attach a dated statement, signed by you, to the return. The statement should include the form number of the return you are filing, the tax year, and the reason your spouse cannot sign, and that your spouse has agreed to your signing for him or her.

If you are the guardian of your spouse who is mentally incompetent, you can sign the return for your spouse as guardian.

If your spouse is unable to sign the return because he or she is serving in a combat zone, and you do not have a power of attorney or other statement, you can sign for your spouse. Attach a signed statement to your return that explains that your spouse is serving in a combat zone.

If your spouse cannot sign the joint return for any other reason, you can sign for your spouse only if you are given a valid power of attorney. Attach the power of attorney to your tax return.

If you are filing a joint return as the surviving spouse, see *Death of Taxpayer* on page 7.

Child's Return. If your child cannot sign the return, sign your child's name in the space provided. Then, add "By (your signature), parent for minor child."

Step 9

Did you have someone else prepare your return?

If you fill in your own return, the Paid Preparer's space should remain blank. If someone prepares your return and does not charge you, that person should not sign your return.

Generally, anyone who is paid to prepare your tax return must sign your return and fill in the other blanks in the Paid Preparer's Information area of your return. The preparer may furnish his or her alternative identifying number for income tax return preparers (PTIN) instead of his or her social security number.

If you have questions about whether a preparer is required to sign your return, please contact your taxation district office.

The preparer required to sign your return MUST complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- Give you a copy of your return in addition to the copy to be filed with your taxation district office.

Step 10

Attachments

Reminder: Federal Schedules A, B, C, D, E, and F are not required to be attached to Forms N-11 and N-12. However, keep these schedules with your records until the statute of limitations runs out for that return. Also, you are not required to attach a copy of the first page of the federal return to Form N-11.

Attach a copy of your Form(s) HW-2 and N-2, or federal Form(s) W-2 and 1099-G (unemployment compensation), to the front of Form N-11 or N-12 in the area designated. To the back of your return attach, in the following order:

- Schedule CR.
- Any other schedules, in alphabetical order.
- Other Hawaii – series forms, in numerical order.
- Any other federal forms, in numerical order, used as a substitute for state forms (see *Related Federal/Hawaii Tax Forms* on page 3).
- Any other required attachments.

A return without the required schedules, forms, and attachments is incomplete. You must file a complete return on time to avoid paying penalties and interest for late filing.

If you need more space on forms or schedules, attach separate sheets and use the same arrangement as the printed forms. But show

your totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Be sure to put your name and social security number on these separate sheets.

If you owe tax, be sure to use Form N-200V to send your payment to the Department of Taxation. If you are asking to enter a payment agreement, attach the letter requesting for a payment agreement to the front of Form N-11 or N-12.

Reminders

Processing of Your Tax Return

In general, refunds due to you are issued within 8 weeks from the date your return is filed with the Department of Taxation. However, it may take additional time if you filed your return close to the April 20 filing deadline, if errors were made in completing your return, or you moved and did not change your address in writing with the district tax office with which you filed your return.

Please do not contact the Department regarding the status of your tax return until at least 4 weeks have passed if you filed your tax return in January or February, or until at least 6 weeks have passed if you filed your tax return in March or April.

Penalties and Interest

Late Filing of Return. The law provides a penalty of 5% of the tax due for each month, or part of a month, the return is late (maximum 25%) unless you can show reasonable cause for the delay. If you file a return late, attach a full explanation to your return.

Extensions. If you are unable to file your Hawaii tax return by April 20, 2002, file Form N-101A, *Application for Automatic Extension of Time to File Hawaii Individual Income Tax Return*, to receive an automatic four month extension. Federal Form 4868, *Application for Automatic Extension of Time To File U.S. Individual Income Tax Return*, may be used in lieu of Form N-101A. You should estimate the amount of tax you think will be due, and pay any tax you think you will owe. If, after April 20, you find that your estimate of the tax due was too low, you should pay the additional tax as soon as possible to avoid further accumulation of penalties and interest. Pay any estimated additional tax with another Form N-101A or federal Form 4868.

Interest. Interest will be charged on taxes not paid by their due date, even if an extension of time to file is granted. The interest rate for not paying tax when due is 2/3 of 1% of the unpaid amount for each month or part of a month it remains unpaid.

Failure to pay tax after filing timely returns. If a return is timely filed and the tax due is not completely paid within 60 days of the due date of the return, an amount up to 20% of the unpaid tax will be added to the tax due.

Underpayment of estimated taxes. You may be subject to a penalty for not paying enough estimated tax if your tax payments, including withholding, do not total the smallest of:

- 1) 90% (66 2/3% for farmers and fishermen) of the 2001 tax liability; or
- 2) 100% of the tax shown on the 2000 return (110% of that amount if you are not a farmer or a fisherman and your adjusted gross income on that return is more than \$150,000 (\$75,000 for married filing separately).

There are special rules for farmers and fishermen.

For more information, see Form N-210, Underpayment of Estimated Tax by Individuals and Fiduciaries.

Change of Address

If your mailing address changes after you file your return, you must notify the Department **in writing** of the change in addition to notifying the post office serving your former address. Failure to do so may prevent any refund due to you from being delivered (the U.S. Postal Service is not permitted to forward your State refund check), and delay important notices or correspondence to you regarding your return. Be sure to include your name(s) and social security number(s) as printed on your return in any correspondence with the Department.

How Long Should Records Be Kept?

Keep records of income, deductions, and credits shown on your tax return, as well as any worksheets you used, until the statute of limitations runs out for that return. Usually this is three years from the date the return was due or filed, or three years from the date the tax was paid, whichever is later. Also keep copies of your filed tax returns and any

Forms W-2 or 1099 you received as part of your records. You should keep some records longer. For example, property records (including those on your home) should be kept as long as they are needed to figure the basis of the original or replacement property. For more details, see federal Publication 552, Recordkeeping for Individuals.

Amended Return

If you file your income tax return and later become aware of any changes you must make to income, deductions, or credits, file Form N-188X, Amended Individual Income Tax Return, to change the Form N-11 or N-12 you already filed.

You may also file an amended return on Form N-11 or N-12, **if you have the form for the year you are amending**. (You cannot file a 2000 amended return on a 2001 Form N-11.) Write the word **"AMENDED"** in the upper left hand corner of the return, and fill in the return with all of the correct information.

If you **paid additional tax** with your original return, include that amount in the total on line 17c of Schedule CR. Write "Additional tax paid with original return" on the dotted line to the left of the total. If you **claimed a refund** on your original return, subtract that amount from line 17c of Schedule CR. If Schedule CR, line 17c was blank on your original return, show the refund amount in parentheses.

You can get prior year forms from your local district tax office or off the Internet. See page 7 for the location of your district tax office or phone number to request the forms you need, and for the Department's website address.

Change in Federal Taxable Income

In general, a change to your federal return, whether it is made by you (on federal Form 1040X) or by the Internal Revenue Service, must be reported to the State of Hawaii.

- 1) Section 235-101(b), HRS, requires a report (an amended return) to the Director of Taxation if the amount of IRC taxable income is changed, corrected, adjusted or recomputed as stated in (3).
- 2) This report must be made:
 - a) Within 90 days after a change, correction, adjustment or recomputation is finally determined.
 - b) Within 90 days after an amended return is filed.
- 3) A report within the time set out in (2) is required if:
 - a) The amount of taxable income as returned to the United States is changed, corrected, or adjusted by an officer of the United States or other competent authority.
 - b) A change in taxable income results from a renegotiation of a contract with the United States or a subcontract thereunder.
 - c) A recomputation of the income tax imposed by the United States under the Internal Revenue Code results from any cause.
 - d) An amended income tax return is made to the United States.
- 4) The statutory period for the assessment of any deficiency or the determination of any refund attributable to the report shall not expire before the expiration of one year from the date the Department is notified by the taxpayer or the Internal Revenue Service, whichever is earlier, of such a report in writing.

Instructions for Schedule X — Tax Credits

Purpose

Use Schedule X to claim the low-income refundable tax credit, credit for low-income household renters, and the credit for child and dependent care expenses. **Even if you have no taxable income, you should complete and file Schedule X to claim these credits so they can be refunded to you.**

Warning: *The low-income refundable tax credit and the credit for low-income household renters MUST be claimed on or before the end of the twelfth month following the end of the taxable year. If you do not claim these credits within that period, the credits are waived and cannot be claimed later, even on an amended return.*

Part I

Low-Income Refundable Tax Credit

Each resident taxpayer who files an individual income tax return for the taxable year, including those who have no income or no income taxable under chapter 235, HRS, may claim this credit provided that the taxpayer is not eligible to be claimed as a dependent for federal or State income tax purposes by another taxpayer.

Qualified Exemptions

The low-income refundable tax credit may be claimed for each resident individual who:

- Was a resident of Hawaii and was physically present in Hawaii for more than nine months during the taxable year;
- Is not claimed and is not eligible to be claimed as a dependent by any taxpayer for

federal or Hawaii individual income tax purposes; and

- Was not confined in jail, prison, or a youth correctional facility for the full taxable year.

For Whom the Credit May Be Claimed

A resident taxpayer filing Form N-11, N-12, or N-13, or a part-year resident taxpayer filing Form N-15 may claim the credit for any of the following people who are "qualified exemptions" as defined above:

- The taxpayer's self;
- The taxpayer's spouse, if the spouse is filing jointly with the taxpayer;
- The taxpayer's dependents; and
- The taxpayer's minor children receiving support from the Department of Human

Services of the State, social security survivor benefits, and the like.

Birth or Death of a Qualified Exemption

- A person who dies during the year may be a qualified exemption so long as the person was alive and physically present within the State for more than nine months. If a person who was continuously living in Hawaii died after September 30, 2001, that person could still be a qualified exemption.
- A child who is born during 2001 could be a qualified exemption if the mother was physically present in the State while pregnant with the child and the total days of gestation and life after birth total more than nine months during the taxable year.

Line 1

Adjusted Gross Income

If the adjusted gross income shown on your return (Form N-11, line 19; or Form N-12, line 32) is over \$20,000, stop here; you cannot take this credit. However, you may claim the credit for a minor child receiving support from the Department of Human Services, etc.

Married filing separately. If you are married filing separately, you must add your spouse's adjusted gross income to your own. If you are married filing separately and your spouse is a nonresident, you need to determine your spouse's adjusted gross income from all sources, within and outside of Hawaii, and add that amount to your own adjusted gross income. If the total is over \$20,000, you cannot claim this credit.

Line 2

Qualified Exemptions

On line 2, enter the names of all qualified exemptions. Start with yourself, enter your spouse's name if you are filing a joint return, and list your dependent children. List **only** persons who are qualified exemptions.

If married filing separately, only one spouse may claim the dependents.

Enter the number of qualified persons on line 2.

Line 3

Minor Children Receiving Public Support

On line 3, list your minor children who are also qualified exemptions, and who receive more than half of their support from the Department of Human Services, Social Security benefits, and other government payments. If you are married filing separately, only one spouse may claim each child. Enter the number of children here, and on the space provided beside Form N-11, line 33; or Form N-12, line 46.

Line 5

If you are married filing separately and your spouse is a nonresident, you need to determine your spouse's adjusted gross income

from all sources, within and outside of Hawaii.

Line 10

Amount of the Credit

Add lines 8 and 9. Enter this amount on Form N-11, line 33; or Form N-12, line 46.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Part II

Credit for Low-Income Household Renters

Each resident taxpayer who occupies and pays rent for real property within the State as his or her residence and who files an individual income tax return for the taxable year, including those who have no income or no income taxable under chapter 235, HRS, may claim a tax credit of \$50 per **qualified exemption**, including the additional exemption for taxpayers age 65 or over, provided the following four conditions are met:

- The taxpayer is not eligible to be claimed as a dependent for federal or State income tax purposes by another taxpayer;
- The taxpayer has adjusted gross income of less than \$30,000; and
- The taxpayer has paid more than \$1,000 in rent during the taxable year.
- The rented property is NOT partly or wholly exempt from real property tax. (For example, county or State low-income housing projects, military housing, dormitories in schools, residential real property owned by a nonprofit organization, and homes in which the owner occupies a portion of the property, may be partly or wholly exempted from real property tax.)

Note: *Minor children receiving more than half of their support from the State Department of Human Services, Social Security benefits, and the like, are NOT considered qualified exemptions for purposes of claiming this credit. A child listed in line 3 of Part I does not count toward this credit.*

A "residence" is defined as the dwelling place that constitutes the principal residence of the taxpayer or his or her immediate family in this State.

"Rent" means the amount paid in cash in any taxable year for the occupancy of a residence. Rent does not include:

- Charges for utilities, parking stalls, storage of goods, yard services, furniture, furnishings, and the like;
- Rental claimed as a deduction from gross income or adjusted gross income for income tax purposes;
- Ground rental paid for use of land only; and
- Rental allowances or rental subsidies received (i.e. housing allowance received from the armed forces or the Hawaii Housing Authority.).

Line 1

Adjusted Gross Income

If the adjusted gross income (Form N-11, line 19; or Form N-12, line 32) shown on your return is more than \$30,000, **stop here**; you cannot take this credit.

Married filing separately. If you are married filing separately, you must add your spouse's adjusted gross income to your own. If you are married filing separately and your spouse is a nonresident, you need to determine your spouse's adjusted gross income from all sources, within and outside of Hawaii, and add that amount to your own adjusted gross income. If the **total** is more than \$30,000, you cannot claim this credit.

Line 2

Resident for More Than Nine Months

If you are a resident who has not been physically present in Hawaii for more than 9 months in 2001, **stop here**; you cannot take this credit.

Line 3

Dependent of Another Taxpayer

If you can be claimed as a dependent on another person's return, **whether or not** that person claims you, **stop here**; you cannot take this credit.

Line 4

Your Addresses

List your most recent address. Fill in all of the required information. If you lived in more than one location during 2001, attach a separate sheet listing the same information for the other locations.

Do not list any location that was partly or wholly exempt from real property tax, such as:

- County or State low-income housing projects;
- Military housing; or
- Dormitories in schools or other nonprofit organizations.

Line 5

Rent You Paid

Enter the total amount of rent **you paid** during 2001 to all of the locations listed on line 4. If you are sharing or were sharing the rent with somebody else, list only your share of the rent here.

Line 6

Exclusions

Enter that portion of the amount on line 5 which:

- Is for ground rent, utilities, goods, or services;
- You claimed as a deduction anywhere on your tax return; or

- You were reimbursed, through a rental allowance or rental subsidy from any source.

Line 7

Line 5 minus line 6. If this amount is less than \$1,000, **stop here**; you cannot take this credit.

Line 8

Qualified Exemptions

- Enter the number from Schedule X, Part I, line 2. If you did not claim the low-income refundable tax credit, complete Part I, line 2, and enter amount here.
- Enter the number of persons who would have been listed in Part I, line 2 as qualified exemptions except that they were in prison, a youth correctional facility, or jail for the entire taxable year.
- If you are a qualified exemption and you are age 65 or over, enter 1. Otherwise, enter 0.
- If you are married and filing a joint return or married and filing separately where your spouse is not filing a Hawaii return, had no income, and was not the dependent of someone else; and your spouse is a qualified exemption; and your spouse is age 65 or over; enter 1. Otherwise, enter 0.
- Add lines **a** through **d**. Enter the result here and on line 8 of Schedule X, Part II.

Line 9

Amount of the Credit

Line 8 times \$50. Enter this amount on Form N-11, line 34; or Form N-12, line 47.

Deadline for claiming this credit. Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

Part III

Credit for Child and Dependent Care Expenses

If you maintain a household that included a child under age 13 or a dependent or spouse incapable of self-care, you may be allowed this credit for expenses you paid during the taxable year to care for your dependent so you could work.

If you filed federal Form 2441 or Form 1040A, Schedule 2

If you filed either federal form, you are probably eligible for the Hawaii credit as well. Instead of filling out all of Part III, follow these steps:

- Fill in Section A, Care Provider Information. Be sure to include the care providers' general excise tax license numbers in column (d).

- In Section B, line 2, enter the amount from line 10 of Form 2441 or Schedule 2. Then go to Section B, line 11.
- In Section B, line 11, enter the amount from line 19 of Form 2441 or Schedule 2.
 - If you are filing Form N-12, include this amount on the wages line (line 7) of Form N-12, and write "DCB" on the dotted line next to line 7.
 - If you are filing Form N-11, do not add this amount to Form N-11, line 10, because it is already included in your federal AGI.
 - Then go to Section C, line 20.
- In Section C, line 20, enter the amount from line 6 of Form 2441 or Schedule 2.
- Then go to Section C, lines 21, 22, and 23, to figure your credit.
- Be sure to complete line 16 (information on the qualifying person).

Who May Claim the Credit

If you are a resident taxpayer who files an individual income tax return for a taxable year, you are not claimed or eligible to be claimed as a dependent on another taxpayer's federal or Hawaii income tax return, and you maintain a household which includes one or more qualifying persons (as defined on this page), you may be allowed a credit against your income tax. The credit ranges from 15% to 25% of employment-related expenses (up to certain limitations) PAID during the taxable year in order to enable you to work either full or part time for an employer or as a self-employed individual.

Maintaining a Household

You will be treated as maintaining a household for any period only if you furnish over half the cost of maintaining the household for that period. If you are married during that time, you and your spouse must provide over half the maintenance cost for the period.

The expenses of maintaining a household include property taxes, mortgage interest, rent, utility charges, upkeep and repairs, property insurance, and food consumed on the premises. They do not include the cost of clothing, education, medical treatment, vacations, life insurance, and transportation.

Qualifying Person

A qualifying person is any one of the following persons:

- Any person under age 13 whom you claim as a dependent (but see special rule (4) below, Children of Divorced or Separated Parents).
- Your disabled spouse who is mentally or physically unable to care for himself or herself.
- Any disabled person who is mentally or physically unable to care for himself or herself and whom you claim as a dependent, or could claim as a dependent except that he or she had income of \$2,900 or more.

Employment-related Expenses

Employment-related expenses are those paid for the following, but only if paid to enable you to be gainfully employed:

(1) *Expenses for Household Services.* Expenses will be considered for household services in your home if they are for the ordinary and usual services necessary for the operation of the home, and bear some relationship to the qualifying person. For example, payment for services of a domestic maid or cook ordinarily will be considered expenses for household services if performed at least partially for the benefit of the qualifying person.

(2) *Expenses for the Care of a qualifying person.* Expenses will be considered for the care of one or more qualifying persons if their main purpose was to assure that individual's well-being and protection. Payments for food, clothing, or education are not such expenses. However, if the care provided includes expenses that cannot be separated, the full amount paid will be considered for the qualifying person's care. Thus, the full amount paid to a nursery school will be considered for the care of a child even though the school also furnishes lunch. Educational expenses for a child in the first or higher-grade level are not expenses for the child's care.

You may NOT include any amount paid for services outside your household at a camp where the qualifying person stays overnight.

Do not include services outside your household as employment-related expenses for your spouse or a dependent age 13 or older. However, services outside your household are employment-related expenses for a dependent who has not reached his or her 13th birthday or for an individual who regularly spends at least eight hours each day in your household.

You may include expenses incurred for qualified dependent care centers as employment-related expenses. The dependent care center must comply with all applicable laws, rules, and regulations of Hawaii if the center is located within Hawaii. If the center is located outside Hawaii, the center must comply with all applicable laws, rules, and regulations of the state or country in which the center is located. Furthermore, these centers must provide care for more than six individuals (other than individuals who reside at the center), and must receive a fee, payment, or grant providing services for any of the individuals (regardless of whether such center is operated for profit).

Note: Payments made to the State of Hawaii A+ Program qualify for the credit.

Medical Expenses

Some dependent care expenses may qualify as medical expenses. If you cannot use all the medical expenses to qualify for this credit because of the dollar limit or earned income limit (explained later), you can take the rest of these expenses as an itemized deduction for medical expenses. But if you deduct the medical expenses first on Worksheet A-1,

you cannot use any part of these expenses on Schedule X.

Special Rules

(1) *Married Couples Must File Joint Returns.* If you are married at the end of the taxable year, the credit for employment-related expenses is allowable only if you and your spouse file a joint return for the taxable year.

(2) *Marital Status.* If you are legally separated from your spouse under a decree of divorce or separate maintenance, you are not considered married.

(3) *Certain Married Individuals Living Apart and Filing Separate Returns.* If during the last 6 months of the taxable year your spouse was not a member of your household and you (a) maintained a household which was for more than one-half of the taxable year the principal place of abode of a qualifying person, and (b) furnished over half of the cost of maintaining such household during the taxable year, then you are not considered married for purposes of the credit or the exclusion.

(4) *Children of Divorced or Separated Parents.* If you were divorced, legally separated, or lived apart from your spouse during the last 6 months of 2001, you may be able to claim the credit even if your child is not your dependent. If your child is not your dependent, he or she is a qualifying person if all five of the following apply:

1. You had custody of the child for the longer period during the year;
2. The child received over half of his or her support from one or both of the parents;
3. The child was in the custody of one or both of the parents over half of the year;
4. The child was under age 13, or was physically or mentally unable to care for himself or herself; and
5. The child is not your dependent because:
 - a. As the custodial parent, you signed federal Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents, or a similar statement, agreeing not to claim the child's exemption for 2001; or
 - b. You were divorced or separated before 1985 and your divorce decree or written agreement states that the other parent can claim the child's exemption, and the other parent provides at least \$600 in child support during the year. Note: *This rule does not apply if your decree or agreement was changed after 1984 to specify that the other parent cannot claim the child's exemption.*

(5) *Payments to a Related Individual.* You can count work-related expenses you pay to relatives who are not your dependents, even if they live in your home. However, do not count any amounts you pay to:

1. A dependent for whom you (or your spouse if you are married) can claim an exemption, or
2. Your child who is under age 19 at the end of the year, even if he or she is not your dependent.

Line 1

Care Providers

Complete columns (a) through (e) for each person or organization that provided the care. If you do not give the information asked for in each column, or if the information you give is not correct, your credit and, if applicable, the exclusion of employer-provided dependent care benefits may be disallowed.

You can use **Form HW-16**, "Dependent Care Provider's Identification and Certification", to get the correct information from the care provider. (This form is available at your district tax office.) If the provider does not comply with your request to certify the information, complete the entries you can, such as the provider's name and address. Write "See attached" in the columns for which you do not have the provider's certification of information. Attach a statement that you requested the information from the care provider, but the provider did not comply with your request. You must keep records to show that you exercised due diligence in attempting to provide the required information. For more details, including what is considered "due diligence," see federal Publication 503.

Columns (a) and (b). Enter the care provider's name and address. If you were covered by your employer's dependent care plan and your employer furnished the care (either at your workplace or by hiring a care provider), enter your employer's name in column (a), write "See W-2" in column (b), and leave columns (c) through (e) blank. But if your employer paid a third party (not hired by your employer) on your behalf to provide the care, you must give information on the third party in columns (a) through (e).

Column (c). If the care provider is an individual, enter his or her social security number (SSN). If the individual is an alien and was issued an individual taxpayer identification number (ITIN) by the IRS, enter the ITIN. For other than an individual, enter provider's federal employer identification number (FEIN). If the provider is a tax-exempt organization, write "Tax-Exempt" in column (c).

Column (d). Enter the care provider's general excise tax license number. If the provider is a tax-exempt charitable organization (IRC section 501(c)(3)), enter "Tax-Exempt".

Column (e). Enter the total amount you *actually paid* during the taxable year to the care provider. Also include amounts your employer paid on your behalf to a third party. It does not matter when the expenses were incurred. Do not reduce this amount by any reimbursement you received.

Line 2

Employer-Paid Dependent Care Benefits

If you received dependent care benefits from an employer (you have a federal form W-2 that has an amount in Box 10), and:

- You are claiming the federal credit, see *If you filed federal Form 2441 or Form 1040A, Schedule 2* on page 44.
- You filled out federal Form 2441 or Form 1040A, Schedule 2, but it said you cannot take the credit, then you cannot take the Hawaii credit either.
- You are not filing a federal return, then enter the amount shown in Box 10 of your W-2 form(s).

Line 3

Amount Forfeited

If you participated in an employee plan in which the amount you contributed to an employer-paid dependent care benefit plan was deducted from your income, and you did not receive the full benefit from this plan, you may be entitled to deduct the amount forfeited on this line. (See your employer for the forfeited amount you are allowed to deduct.)

Line 7

Your Earned Income

In general, earned income is wages, salaries, tips, and other employee compensation. It also includes net earnings from self-employment. For more information, see the instructions to lines 18 and 19.

Line 8

Spouse's Earned Income

If your filing status is Married Filing Jointly, enter your spouse's earned income on this line.

If your filing status is Married Filing Separately, see *Certain Married Individuals Living Apart and Filing Separate Returns* discussed on this page. If you are considered unmarried under that rule, enter your earned income (from line 7) on this line; on line 10, enter the smaller of the amount from line 9 or \$5,000. If you are **not** considered unmarried under that rule, enter your spouse's earned income on line 8.

If your spouse was a student or disabled in 2001, see *Spouse Who Is a Full-time Student or Is Disabled*. On line 10, enter the smaller of the amount from line 9 or \$2,500.

All other taxpayers should enter the amount on line 7.

Line 11

Taxable Benefits

Line 4 minus line 10. Also, include this amount on line 7 of Form N-12. On the corresponding dotted line write "DCB". **However**, if you are filing Form N-11, this amount is included in your federal AGI, and no additional adjustment needs to be made.

Line 16

Qualifying Person(s)

Complete columns (a) through (d) for each qualifying person. If you have more than two qualifying persons, attach a statement to your return with the required information.

Be sure to put your name and social security number on the statement. Also, write "See attached" on the dotted line next to line 17.

Column (a). Enter each qualifying person's name.

Column (b). Enter the qualifying person's relationship to you.

Column (c). Enter the qualifying person's social security number.

Column (d). Enter the qualified expenses you incurred and paid in 2001 for the person listed in column (a). Do not include in column (d) qualified expenses:

- You incurred in 2001 but did not pay until 2002. You may be able to use these expenses to increase your 2002 credit.
- You incurred in 2000 but did not pay until 2001. Instead, see the instructions for line 23 on this page.
- You prepaid in 2001 for care to be provided in 2002. These expenses may only be used to figure your 2002 credit.

Lines 18 and 19

Earned Income Limit

The amount of your qualified expenses cannot be more than your earned income or, if married filing a joint return, the smaller of your earned income or your spouse's earned income.

In general, earned income is wages, salaries, tips, and other employee compensation.

It also includes net earnings from self-employment.

Unmarried taxpayers. If you are unmarried at the end of 2001 or are treated as being unmarried at the end of the year, enter your earned income on line 18.

Married Taxpayers. If you are married filing a joint return, figure each spouse's earned income separately and disregard community property laws. Enter your earned income on line 18 and your spouse's earned income on line 19.

Spouse Who Is a Full-time Student or Is Disabled. If your spouse was a full-time student or was mentally or physically unable to care for himself or herself, figure your spouse's earned income on a monthly basis to determine your spouse's earned income for the year. For each month that your spouse was disabled or a full-time student, your spouse is considered to have earned income of not less than \$200 a month (\$400 a month if more than one qualifying person was cared for in 2001). But if your spouse also worked during any month and earned more than that amount, use his or her actual earned income.

For any month that your spouse was not disabled or a full-time student, use your spouse's actual earned income if your spouse worked during the month.

If, in the same month, both you and your spouse were full-time students and did not work, you cannot use any amount paid that

month to figure the credit. The same applies to a couple who did not work because neither was capable of self-care.

A full-time student is one who was enrolled in a school for the number of hours or classes that is considered full time. The student must have been enrolled at least 5 months during 2001.

Self-employment Income. You must reduce your earned income by any loss from self-employment. If you only have a loss from self-employment, or your loss is more than your other earned income, you cannot take the credit.

Line 23

Amount of the Credit

If you had qualified expenses for 2000 that you did not pay until 2001, you may be able to increase the amount of credit you can take in 2001. To do this, multiply the 2000 expenses you paid in 2001 by the applicable percentage from the table on line 22 that applies to your 2000 adjusted gross income. Your 2000 expenses must be within the 2000 limits. Attach a computation showing how you figured the increase. If you can take a credit for your 2000 expenses, write "PYE" and the amount of the credit on the dotted line next to line 23. Enter the total amount of the credit on line 23. Also enter this amount on Form N-11, line 35; or Form N-12, line 48.

**2001
TAX TABLES
AND
TAX RATE SCHEDULES
FOR INDIVIDUALS**

**Tax Tables Must Be Used By Persons
With Taxable Income Of Less Than
\$100,000**

2001 Hawaii Tax Table

Based on Taxable Income
For persons with taxable
incomes of less than
\$100,000

Example: Mr. & Mrs. Brown are filing a joint return. Their taxable income is \$23,270. First, they find the \$23,250 - 23,300 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and filing status column meet is \$1,222. This is the tax amount they must write on the tax line of their return.

At least		But less than	Single or Married filing separately			Married filing jointly *			Head of a household		
23,250		23,300	1,491			1,222			1,339		
23,300		23,350	1,495			1,225			1,343		
23,350		23,400	1,499			1,229			1,346		

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
0	50	0	0	0	2,500	2,550	49	38	38	5,000				
50	100	1	1	1	2,550	2,600	51	39	39	5,000	5,050	170	98	120
100	150	2	2	2	2,600	2,650	53	39	39	5,050	5,100	173	100	122
150	200	3	3	3	2,650	2,700	55	40	40	5,100	5,150	176	102	124
200	250	3	3	3	2,700	2,750	57	41	41	5,150	5,200	179	103	125
										5,200	5,250	182	105	127
250	300	4	4	4	2,750	2,800	59	42	42					
300	350	5	5	5	2,800	2,850	61	42	42	5,250	5,300	186	107	129
350	400	6	6	6	2,850	2,900	62	43	43	5,300	5,350	189	109	131
400	450	6	6	6	2,900	2,950	64	44	44	5,350	5,400	192	111	133
450	500	7	7	7	2,950	3,000	66	45	45	5,400	5,450	195	113	135
										5,450	5,500	198	115	137
500	550	8	8	8	3,000									
550	600	9	9	9	3,000	3,050	68	45	46	5,500	5,550	202	116	138
600	650	9	9	9	3,050	3,100	70	46	48	5,550	5,600	205	118	140
650	700	10	10	10	3,100	3,150	72	47	50	5,600	5,650	208	120	142
700	750	11	11	11	3,150	3,200	73	48	51	5,650	5,700	211	122	144
					3,200	3,250	75	48	53	5,700	5,750	214	124	146
750	800	12	12	12										
800	850	12	12	12	3,250	3,300	77	49	55	5,750	5,800	218	126	148
850	900	13	13	13	3,300	3,350	79	50	57	5,800	5,850	221	128	150
900	950	14	14	14	3,350	3,400	81	51	59	5,850	5,900	224	129	151
950	1,000	15	15	15	3,400	3,450	83	51	61	5,900	5,950	227	131	153
					3,450	3,500	85	52	63	5,950	6,000	230	133	155
1,000										6,000				
1,000	1,050	15	15	15	3,500	3,550	86	53	64	6,000	6,050	234	135	158
1,050	1,100	16	16	16	3,550	3,600	88	54	66	6,050	6,100	237	137	161
1,100	1,150	17	17	17	3,600	3,650	90	54	68	6,100	6,150	240	139	164
1,150	1,200	18	18	18	3,650	3,700	92	55	70	6,150	6,200	243	140	167
1,200	1,250	18	18	18	3,700	3,750	94	56	72	6,200	6,250	246	142	170
1,250	1,300	19	19	19	3,750	3,800	96	57	74	6,250	6,300	250	144	174
1,300	1,350	20	20	20	3,800	3,850	98	57	76	6,300	6,350	253	146	177
1,350	1,400	21	21	21	3,850	3,900	99	58	77	6,350	6,400	256	148	180
1,400	1,450	21	21	21	3,900	3,950	101	59	79	6,400	6,450	259	150	183
1,450	1,500	22	22	22	3,950	4,000	103	60	81	6,450	6,500	262	152	186
					4,000									
1,500	1,550	23	23	23	4,000	4,050	106	61	83	6,500	6,550	266	153	190
1,550	1,600	24	24	24	4,050	4,100	109	63	85	6,550	6,600	269	155	193
1,600	1,650	24	24	24	4,100	4,150	112	65	87	6,600	6,650	272	157	196
1,650	1,700	25	25	25	4,150	4,200	115	66	88	6,650	6,700	275	159	199
1,700	1,750	26	26	26	4,200	4,250	118	68	90	6,700	6,750	278	161	202
1,750	1,800	27	27	27	4,250	4,300	122	70	92	6,750	6,800	282	163	206
1,800	1,850	27	27	27	4,300	4,350	125	72	94	6,800	6,850	285	165	209
1,850	1,900	28	28	28	4,350	4,400	128	74	96	6,850	6,900	288	166	212
1,900	1,950	29	29	29	4,400	4,450	131	76	98	6,900	6,950	291	168	215
1,950	2,000	30	30	30	4,450	4,500	134	78	100	6,950	7,000	294	170	218
2,000														
2,000	2,050	31	30	30	4,500	4,550	138	79	101					
2,050	2,100	33	31	31	4,550	4,600	141	81	103					
2,100	2,150	35	32	32	4,600	4,650	144	83	105					
2,150	2,200	36	33	33	4,650	4,700	147	85	107					
2,200	2,250	38	33	33	4,700	4,750	150	87	109					
2,250	2,300	40	34	34	4,750	4,800	154	89	111					
2,300	2,350	42	35	35	4,800	4,850	157	91	113					
2,350	2,400	44	36	36	4,850	4,900	160	92	114					
2,400	2,450	46	36	36	4,900	4,950	163	94	116					
2,450	2,500	48	37	37	4,950	5,000	166	96	118					

*This column must also be used by qualifying widow(er)

Continued on next page

2001 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
7,000					10,000					13,000				
7,000	7,050	298	172	222	10,000	10,050	500	338	414	13,000	13,050	711	530	611
7,050	7,100	301	174	225	10,050	10,100	503	341	417	13,050	13,100	714	533	614
7,100	7,150	304	176	228	10,100	10,150	507	344	420	13,100	13,150	718	536	618
7,150	7,200	307	177	231	10,150	10,200	510	347	423	13,150	13,200	722	539	621
7,200	7,250	310	179	234	10,200	10,250	514	350	426	13,200	13,250	725	542	625
7,250	7,300	314	181	238	10,250	10,300	517	354	430	13,250	13,300	729	546	628
7,300	7,350	317	183	241	10,300	10,350	520	357	433	13,300	13,350	733	549	631
7,350	7,400	320	185	244	10,350	10,400	524	360	436	13,350	13,400	736	552	635
7,400	7,450	323	187	247	10,400	10,450	527	363	439	13,400	13,450	740	555	638
7,450	7,500	326	189	250	10,450	10,500	531	366	442	13,450	13,500	744	558	642
7,500	7,550	330	190	254	10,500	10,550	534	370	446	13,500	13,550	747	562	645
7,550	7,600	333	192	257	10,550	10,600	538	373	449	13,550	13,600	751	565	649
7,600	7,650	336	194	260	10,600	10,650	541	376	452	13,600	13,650	755	568	652
7,650	7,700	339	196	263	10,650	10,700	545	379	455	13,650	13,700	758	571	656
7,700	7,750	342	198	266	10,700	10,750	548	382	458	13,700	13,750	762	574	659
7,750	7,800	346	200	270	10,750	10,800	551	386	462	13,750	13,800	766	578	662
7,800	7,850	349	202	273	10,800	10,850	555	389	465	13,800	13,850	769	581	666
7,850	7,900	352	203	276	10,850	10,900	558	392	468	13,850	13,900	773	584	669
7,900	7,950	355	205	279	10,900	10,950	562	395	471	13,900	13,950	777	587	673
7,950	8,000	358	207	282	10,950	11,000	565	398	474	13,950	14,000	780	590	676
8,000					11,000					14,000				
8,000	8,050	362	210	286	11,000	11,050	569	402	478	14,000	14,050	784	594	680
8,050	8,100	365	213	289	11,050	11,100	572	405	481	14,050	14,100	787	597	683
8,100	8,150	369	216	292	11,100	11,150	576	408	484	14,100	14,150	791	600	687
8,150	8,200	372	219	295	11,150	11,200	579	411	487	14,150	14,200	795	603	690
8,200	8,250	376	222	298	11,200	11,250	583	414	490	14,200	14,250	798	606	694
8,250	8,300	379	226	302	11,250	11,300	586	418	494	14,250	14,300	802	610	697
8,300	8,350	382	229	305	11,300	11,350	589	421	497	14,300	14,350	806	613	700
8,350	8,400	386	232	308	11,350	11,400	593	424	500	14,350	14,400	809	616	704
8,400	8,450	389	235	311	11,400	11,450	596	427	503	14,400	14,450	813	619	707
8,450	8,500	393	238	314	11,450	11,500	600	430	506	14,450	14,500	817	622	711
8,500	8,550	396	242	318	11,500	11,550	603	434	510	14,500	14,550	820	626	714
8,550	8,600	400	245	321	11,550	11,600	607	437	513	14,550	14,600	824	629	718
8,600	8,650	403	248	324	11,600	11,650	610	440	516	14,600	14,650	828	632	721
8,650	8,700	407	251	327	11,650	11,700	614	443	519	14,650	14,700	831	635	725
8,700	8,750	410	254	330	11,700	11,750	617	446	522	14,700	14,750	835	638	728
8,750	8,800	413	258	334	11,750	11,800	620	450	526	14,750	14,800	839	642	731
8,800	8,850	417	261	337	11,800	11,850	624	453	529	14,800	14,850	842	645	735
8,850	8,900	420	264	340	11,850	11,900	627	456	532	14,850	14,900	846	648	738
8,900	8,950	424	267	343	11,900	11,950	631	459	535	14,900	14,950	850	651	742
8,950	9,000	427	270	346	11,950	12,000	634	462	538	14,950	15,000	853	654	745
9,000					12,000					15,000				
9,000	9,050	431	274	350	12,000	12,050	638	466	542	15,000	15,050	857	658	749
9,050	9,100	434	277	353	12,050	12,100	641	469	545	15,050	15,100	860	661	752
9,100	9,150	438	280	356	12,100	12,150	645	472	549	15,100	15,150	864	664	756
9,150	9,200	441	283	359	12,150	12,200	649	475	552	15,150	15,200	868	667	759
9,200	9,250	445	286	362	12,200	12,250	652	478	556	15,200	15,250	871	670	763
9,250	9,300	448	290	366	12,250	12,300	656	482	559	15,250	15,300	875	674	766
9,300	9,350	451	293	369	12,300	12,350	660	485	562	15,300	15,350	879	677	769
9,350	9,400	455	296	372	12,350	12,400	663	488	566	15,350	15,400	882	680	773
9,400	9,450	458	299	375	12,400	12,450	667	491	569	15,400	15,450	886	683	776
9,450	9,500	462	302	378	12,450	12,500	671	494	573	15,450	15,500	890	686	780
9,500	9,550	465	306	382	12,500	12,550	674	498	576	15,500	15,550	893	690	783
9,550	9,600	469	309	385	12,550	12,600	678	501	580	15,550	15,600	897	693	787
9,600	9,650	472	312	388	12,600	12,650	682	504	583	15,600	15,650	901	696	790
9,650	9,700	476	315	391	12,650	12,700	685	507	587	15,650	15,700	904	699	794
9,700	9,750	479	318	394	12,700	12,750	689	510	590	15,700	15,750	908	702	797
9,750	9,800	482	322	398	12,750	12,800	693	514	593	15,750	15,800	912	706	800
9,800	9,850	486	325	401	12,800	12,850	696	517	597	15,800	15,850	915	709	804
9,850	9,900	489	328	404	12,850	12,900	700	520	600	15,850	15,900	919	712	807
9,900	9,950	493	331	407	12,900	12,950	704	523	604	15,900	15,950	923	715	811
9,950	10,000	496	334	410	12,950	13,000	707	526	607	15,950	16,000	926	718	814

*This column must also be used by qualifying widow(er)

Continued on next page

2001 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
16,000					19,000					22,000				
16,000	16,050	930	722	818	19,000	19,050	1,158	929	1,029	22,000	22,050	1,392	1,136	1,248
16,050	16,100	934	725	821	19,050	19,100	1,162	932	1,032	22,050	22,100	1,396	1,139	1,251
16,100	16,150	938	729	825	19,100	19,150	1,166	936	1,036	22,100	22,150	1,400	1,143	1,255
16,150	16,200	941	732	828	19,150	19,200	1,169	939	1,040	22,150	22,200	1,404	1,146	1,259
16,200	16,250	945	736	832	19,200	19,250	1,173	943	1,043	22,200	22,250	1,408	1,150	1,262
16,250	16,300	949	739	835	19,250	19,300	1,177	946	1,047	22,250	22,300	1,412	1,153	1,266
16,300	16,350	953	742	838	19,300	19,350	1,181	949	1,051	22,300	22,350	1,416	1,156	1,270
16,350	16,400	957	746	842	19,350	19,400	1,185	953	1,054	22,350	22,400	1,420	1,160	1,273
16,400	16,450	960	749	845	19,400	19,450	1,188	956	1,058	22,400	22,450	1,424	1,163	1,277
16,450	16,500	964	753	849	19,450	19,500	1,192	960	1,062	22,450	22,500	1,428	1,167	1,281
16,500	16,550	968	756	852	19,500	19,550	1,196	963	1,065	22,500	22,550	1,431	1,170	1,284
16,550	16,600	972	760	856	19,550	19,600	1,200	967	1,069	22,550	22,600	1,435	1,174	1,288
16,600	16,650	976	763	859	19,600	19,650	1,204	970	1,073	22,600	22,650	1,439	1,177	1,292
16,650	16,700	979	767	863	19,650	19,700	1,207	974	1,076	22,650	22,700	1,443	1,181	1,295
16,700	16,750	983	770	866	19,700	19,750	1,211	977	1,080	22,700	22,750	1,447	1,184	1,299
16,750	16,800	987	773	869	19,750	19,800	1,215	980	1,084	22,750	22,800	1,451	1,187	1,303
16,800	16,850	991	777	873	19,800	19,850	1,219	984	1,087	22,800	22,850	1,455	1,191	1,306
16,850	16,900	995	780	876	19,850	19,900	1,223	987	1,091	22,850	22,900	1,459	1,194	1,310
16,900	16,950	998	784	880	19,900	19,950	1,226	991	1,095	22,900	22,950	1,463	1,198	1,314
16,950	17,000	1,002	787	883	19,950	20,000	1,230	994	1,098	22,950	23,000	1,467	1,201	1,317
17,000					20,000					23,000				
17,000	17,050	1,006	791	887	20,000	20,050	1,234	998	1,102	23,000	23,050	1,471	1,205	1,321
17,050	17,100	1,010	794	890	20,050	20,100	1,238	1,001	1,105	23,050	23,100	1,475	1,208	1,324
17,100	17,150	1,014	798	894	20,100	20,150	1,242	1,005	1,109	23,100	23,150	1,479	1,212	1,328
17,150	17,200	1,017	801	897	20,150	20,200	1,246	1,008	1,113	23,150	23,200	1,483	1,215	1,332
17,200	17,250	1,021	805	901	20,200	20,250	1,250	1,012	1,116	23,200	23,250	1,487	1,219	1,335
17,250	17,300	1,025	808	904	20,250	20,300	1,254	1,015	1,120	23,250	23,300	1,491	1,222	1,339
17,300	17,350	1,029	811	907	20,300	20,350	1,258	1,018	1,124	23,300	23,350	1,495	1,225	1,343
17,350	17,400	1,033	815	911	20,350	20,400	1,262	1,022	1,127	23,350	23,400	1,499	1,229	1,346
17,400	17,450	1,036	818	914	20,400	20,450	1,266	1,025	1,131	23,400	23,450	1,503	1,232	1,350
17,450	17,500	1,040	822	918	20,450	20,500	1,270	1,029	1,135	23,450	23,500	1,507	1,236	1,354
17,500	17,550	1,044	825	921	20,500	20,550	1,273	1,032	1,138	23,500	23,550	1,510	1,239	1,357
17,550	17,600	1,048	829	925	20,550	20,600	1,277	1,036	1,142	23,550	23,600	1,514	1,243	1,361
17,600	17,650	1,052	832	928	20,600	20,650	1,281	1,039	1,146	23,600	23,650	1,518	1,246	1,365
17,650	17,700	1,055	836	932	20,650	20,700	1,285	1,043	1,149	23,650	23,700	1,522	1,250	1,368
17,700	17,750	1,059	839	935	20,700	20,750	1,289	1,046	1,153	23,700	23,750	1,526	1,253	1,372
17,750	17,800	1,063	842	938	20,750	20,800	1,293	1,049	1,157	23,750	23,800	1,530	1,256	1,376
17,800	17,850	1,067	846	942	20,800	20,850	1,297	1,053	1,160	23,800	23,850	1,534	1,260	1,379
17,850	17,900	1,071	849	945	20,850	20,900	1,301	1,056	1,164	23,850	23,900	1,538	1,263	1,383
17,900	17,950	1,074	853	949	20,900	20,950	1,305	1,060	1,168	23,900	23,950	1,542	1,267	1,387
17,950	18,000	1,078	856	952	20,950	21,000	1,309	1,063	1,171	23,950	24,000	1,546	1,270	1,390
18,000					21,000					24,000				
18,000	18,050	1,082	860	956	21,000	21,050	1,313	1,067	1,175	24,000	24,050	1,550	1,274	1,394
18,050	18,100	1,086	863	959	21,050	21,100	1,317	1,070	1,178	24,050	24,100	1,554	1,277	1,398
18,100	18,150	1,090	867	963	21,100	21,150	1,321	1,074	1,182	24,100	24,150	1,558	1,281	1,402
18,150	18,200	1,093	870	967	21,150	21,200	1,325	1,077	1,186	24,150	24,200	1,562	1,285	1,405
18,200	18,250	1,097	874	970	21,200	21,250	1,329	1,081	1,189	24,200	24,250	1,566	1,288	1,409
18,250	18,300	1,101	877	974	21,250	21,300	1,333	1,084	1,193	24,250	24,300	1,570	1,292	1,413
18,300	18,350	1,105	880	978	21,300	21,350	1,337	1,087	1,197	24,300	24,350	1,574	1,296	1,417
18,350	18,400	1,109	884	981	21,350	21,400	1,341	1,091	1,200	24,350	24,400	1,578	1,299	1,421
18,400	18,450	1,112	887	985	21,400	21,450	1,345	1,094	1,204	24,400	24,450	1,582	1,303	1,424
18,450	18,500	1,116	891	989	21,450	21,500	1,349	1,098	1,208	24,450	24,500	1,586	1,307	1,428
18,500	18,550	1,120	894	992	21,500	21,550	1,352	1,101	1,211	24,500	24,550	1,589	1,310	1,432
18,550	18,600	1,124	898	996	21,550	21,600	1,356	1,105	1,215	24,550	24,600	1,593	1,314	1,436
18,600	18,650	1,128	901	1,000	21,600	21,650	1,360	1,108	1,219	24,600	24,650	1,597	1,318	1,440
18,650	18,700	1,131	905	1,003	21,650	21,700	1,364	1,112	1,222	24,650	24,700	1,601	1,321	1,443
18,700	18,750	1,135	908	1,007	21,700	21,750	1,368	1,115	1,226	24,700	24,750	1,605	1,325	1,447
18,750	18,800	1,139	911	1,011	21,750	21,800	1,372	1,118	1,230	24,750	24,800	1,609	1,329	1,451
18,800	18,850	1,143	915	1,014	21,800	21,850	1,376	1,122	1,233	24,800	24,850	1,613	1,332	1,455
18,850	18,900	1,147	918	1,018	21,850	21,900	1,380	1,125	1,237	24,850	24,900	1,617	1,336	1,459
18,900	18,950	1,150	922	1,022	21,900	21,950	1,384	1,129	1,241	24,900	24,950	1,621	1,340	1,462
18,950	19,000	1,154	925	1,025	21,950	22,000	1,388	1,132	1,244	24,950	25,000	1,625	1,343	1,466

*This column must also be used by qualifying widow(er)

Continued on next page

2001 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
25,000					28,000					31,000				
25,000	25,050	1,629	1,347	1,470	28,000	28,050	1,866	1,566	1,698	31,000	31,050	2,106	1,785	1,929
25,050	25,100	1,633	1,350	1,474	28,050	28,100	1,870	1,569	1,702	31,050	31,100	2,110	1,788	1,933
25,100	25,150	1,637	1,354	1,478	28,100	28,150	1,874	1,573	1,706	31,100	31,150	2,114	1,792	1,937
25,150	25,200	1,641	1,358	1,481	28,150	28,200	1,878	1,577	1,709	31,150	31,200	2,118	1,796	1,941
25,200	25,250	1,645	1,361	1,485	28,200	28,250	1,882	1,580	1,713	31,200	31,250	2,122	1,799	1,945
25,250	25,300	1,649	1,365	1,489	28,250	28,300	1,886	1,584	1,717	31,250	31,300	2,127	1,803	1,949
25,300	25,350	1,653	1,369	1,493	28,300	28,350	1,890	1,588	1,721	31,300	31,350	2,131	1,807	1,953
25,350	25,400	1,657	1,372	1,497	28,350	28,400	1,894	1,591	1,725	31,350	31,400	2,135	1,810	1,957
25,400	25,450	1,661	1,376	1,500	28,400	28,450	1,898	1,595	1,728	31,400	31,450	2,139	1,814	1,961
25,450	25,500	1,665	1,380	1,504	28,450	28,500	1,902	1,599	1,732	31,450	31,500	2,143	1,818	1,965
25,500	25,550	1,668	1,383	1,508	28,500	28,550	1,905	1,602	1,736	31,500	31,550	2,147	1,821	1,968
25,550	25,600	1,672	1,387	1,512	28,550	28,600	1,909	1,606	1,740	31,550	31,600	2,151	1,825	1,972
25,600	25,650	1,676	1,391	1,516	28,600	28,650	1,913	1,610	1,744	31,600	31,650	2,155	1,829	1,976
25,650	25,700	1,680	1,394	1,519	28,650	28,700	1,917	1,613	1,747	31,650	31,700	2,159	1,832	1,980
25,700	25,750	1,684	1,398	1,523	28,700	28,750	1,921	1,617	1,751	31,700	31,750	2,163	1,836	1,984
25,750	25,800	1,688	1,402	1,527	28,750	28,800	1,925	1,621	1,755	31,750	31,800	2,168	1,840	1,988
25,800	25,850	1,692	1,405	1,531	28,800	28,850	1,929	1,624	1,759	31,800	31,850	2,172	1,843	1,992
25,850	25,900	1,696	1,409	1,535	28,850	28,900	1,933	1,628	1,763	31,850	31,900	2,176	1,847	1,996
25,900	25,950	1,700	1,413	1,538	28,900	28,950	1,937	1,632	1,766	31,900	31,950	2,180	1,851	2,000
25,950	26,000	1,704	1,416	1,542	28,950	29,000	1,941	1,635	1,770	31,950	32,000	2,184	1,854	2,004
26,000					29,000					32,000				
26,000	26,050	1,708	1,420	1,546	29,000	29,050	1,945	1,639	1,774	32,000	32,050	2,188	1,858	2,008
26,050	26,100	1,712	1,423	1,550	29,050	29,100	1,949	1,642	1,778	32,050	32,100	2,192	1,862	2,012
26,100	26,150	1,716	1,427	1,554	29,100	29,150	1,953	1,646	1,782	32,100	32,150	2,196	1,866	2,016
26,150	26,200	1,720	1,431	1,557	29,150	29,200	1,957	1,650	1,785	32,150	32,200	2,200	1,869	2,020
26,200	26,250	1,724	1,434	1,561	29,200	29,250	1,961	1,653	1,789	32,200	32,250	2,204	1,873	2,024
26,250	26,300	1,728	1,438	1,565	29,250	29,300	1,965	1,657	1,793	32,250	32,300	2,209	1,877	2,028
26,300	26,350	1,732	1,442	1,569	29,300	29,350	1,969	1,661	1,797	32,300	32,350	2,213	1,881	2,032
26,350	26,400	1,736	1,445	1,573	29,350	29,400	1,973	1,664	1,801	32,350	32,400	2,217	1,885	2,036
26,400	26,450	1,740	1,449	1,576	29,400	29,450	1,977	1,668	1,804	32,400	32,450	2,221	1,888	2,040
26,450	26,500	1,744	1,453	1,580	29,450	29,500	1,981	1,672	1,808	32,450	32,500	2,225	1,892	2,044
26,500	26,550	1,747	1,456	1,584	29,500	29,550	1,984	1,675	1,812	32,500	32,550	2,229	1,896	2,047
26,550	26,600	1,751	1,460	1,588	29,550	29,600	1,988	1,679	1,816	32,550	32,600	2,233	1,900	2,051
26,600	26,650	1,755	1,464	1,592	29,600	29,650	1,992	1,683	1,820	32,600	32,650	2,237	1,904	2,055
26,650	26,700	1,759	1,467	1,595	29,650	29,700	1,996	1,686	1,823	32,650	32,700	2,241	1,907	2,059
26,700	26,750	1,763	1,471	1,599	29,700	29,750	2,000	1,690	1,827	32,700	32,750	2,245	1,911	2,063
26,750	26,800	1,767	1,475	1,603	29,750	29,800	2,004	1,694	1,831	32,750	32,800	2,250	1,915	2,067
26,800	26,850	1,771	1,478	1,607	29,800	29,850	2,008	1,697	1,835	32,800	32,850	2,254	1,919	2,071
26,850	26,900	1,775	1,482	1,611	29,850	29,900	2,012	1,701	1,839	32,850	32,900	2,258	1,923	2,075
26,900	26,950	1,779	1,486	1,614	29,900	29,950	2,016	1,705	1,842	32,900	32,950	2,262	1,926	2,079
26,950	27,000	1,783	1,489	1,618	29,950	30,000	2,020	1,708	1,846	32,950	33,000	2,266	1,930	2,083
27,000					30,000					33,000				
27,000	27,050	1,787	1,493	1,622	30,000	30,050	2,024	1,712	1,850	33,000	33,050	2,270	1,934	2,087
27,050	27,100	1,791	1,496	1,626	30,050	30,100	2,028	1,715	1,854	33,050	33,100	2,274	1,938	2,091
27,100	27,150	1,795	1,500	1,630	30,100	30,150	2,032	1,719	1,858	33,100	33,150	2,278	1,942	2,095
27,150	27,200	1,799	1,504	1,633	30,150	30,200	2,036	1,723	1,862	33,150	33,200	2,282	1,945	2,099
27,200	27,250	1,803	1,507	1,637	30,200	30,250	2,040	1,726	1,866	33,200	33,250	2,286	1,949	2,103
27,250	27,300	1,807	1,511	1,641	30,250	30,300	2,045	1,730	1,870	33,250	33,300	2,291	1,953	2,107
27,300	27,350	1,811	1,515	1,645	30,300	30,350	2,049	1,734	1,874	33,300	33,350	2,295	1,957	2,111
27,350	27,400	1,815	1,518	1,649	30,350	30,400	2,053	1,737	1,878	33,350	33,400	2,299	1,961	2,115
27,400	27,450	1,819	1,522	1,652	30,400	30,450	2,057	1,741	1,882	33,400	33,450	2,303	1,964	2,119
27,450	27,500	1,823	1,526	1,656	30,450	30,500	2,061	1,745	1,886	33,450	33,500	2,307	1,968	2,123
27,500	27,550	1,826	1,529	1,660	30,500	30,550	2,065	1,748	1,889	33,500	33,550	2,311	1,972	2,126
27,550	27,600	1,830	1,533	1,664	30,550	30,600	2,069	1,752	1,893	33,550	33,600	2,315	1,976	2,130
27,600	27,650	1,834	1,537	1,668	30,600	30,650	2,073	1,756	1,897	33,600	33,650	2,319	1,980	2,134
27,650	27,700	1,838	1,540	1,671	30,650	30,700	2,077	1,759	1,901	33,650	33,700	2,323	1,983	2,138
27,700	27,750	1,842	1,544	1,675	30,700	30,750	2,081	1,763	1,905	33,700	33,750	2,327	1,987	2,142
27,750	27,800	1,846	1,548	1,679	30,750	30,800	2,086	1,767	1,909	33,750	33,800	2,332	1,991	2,146
27,800	27,850	1,850	1,551	1,683	30,800	30,850	2,090	1,770	1,913	33,800	33,850	2,336	1,995	2,150
27,850	27,900	1,854	1,555	1,687	30,850	30,900	2,094	1,774	1,917	33,850	33,900	2,340	1,999	2,154
27,900	27,950	1,858	1,559	1,690	30,900	30,950	2,098	1,778	1,921	33,900	33,950	2,344	2,002	2,158
27,950	28,000	1,862	1,562	1,694	30,950	31,000	2,102	1,781	1,925	33,950	34,000	2,348	2,006	2,162

*This column must also be used by qualifying widow(er)

Continued on next page

2001 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
34,000					37,000					40,000				
34,000	34,050	2,352	2,010	2,166	37,000	37,050	2,598	2,238	2,403	40,000	40,050	2,844	2,466	2,640
34,050	34,100	2,356	2,014	2,170	37,050	37,100	2,602	2,242	2,407	40,050	40,100	2,848	2,470	2,644
34,100	34,150	2,360	2,018	2,174	37,100	37,150	2,606	2,246	2,411	40,100	40,150	2,853	2,474	2,648
34,150	34,200	2,364	2,021	2,178	37,150	37,200	2,610	2,249	2,415	40,150	40,200	2,857	2,478	2,652
34,200	34,250	2,368	2,025	2,182	37,200	37,250	2,614	2,253	2,419	40,200	40,250	2,861	2,482	2,656
34,250	34,300	2,373	2,029	2,186	37,250	37,300	2,619	2,257	2,423	40,250	40,300	2,865	2,486	2,660
34,300	34,350	2,377	2,033	2,190	37,300	37,350	2,623	2,261	2,427	40,300	40,350	2,870	2,490	2,664
34,350	34,400	2,381	2,037	2,194	37,350	37,400	2,627	2,265	2,431	40,350	40,400	2,874	2,494	2,668
34,400	34,450	2,385	2,040	2,198	37,400	37,450	2,631	2,268	2,435	40,400	40,450	2,878	2,498	2,672
34,450	34,500	2,389	2,044	2,202	37,450	37,500	2,635	2,272	2,439	40,450	40,500	2,882	2,502	2,676
34,500	34,550	2,393	2,048	2,205	37,500	37,550	2,639	2,276	2,442	40,500	40,550	2,887	2,505	2,679
34,550	34,600	2,397	2,052	2,209	37,550	37,600	2,643	2,280	2,446	40,550	40,600	2,891	2,509	2,683
34,600	34,650	2,401	2,056	2,213	37,600	37,650	2,647	2,284	2,450	40,600	40,650	2,895	2,513	2,687
34,650	34,700	2,405	2,059	2,217	37,650	37,700	2,651	2,287	2,454	40,650	40,700	2,899	2,517	2,691
34,700	34,750	2,409	2,063	2,221	37,700	37,750	2,655	2,291	2,458	40,700	40,750	2,904	2,521	2,695
34,750	34,800	2,414	2,067	2,225	37,750	37,800	2,660	2,295	2,462	40,750	40,800	2,908	2,525	2,699
34,800	34,850	2,418	2,071	2,229	37,800	37,850	2,664	2,299	2,466	40,800	40,850	2,912	2,529	2,703
34,850	34,900	2,422	2,075	2,233	37,850	37,900	2,668	2,303	2,470	40,850	40,900	2,916	2,533	2,707
34,900	34,950	2,426	2,078	2,237	37,900	37,950	2,672	2,306	2,474	40,900	40,950	2,921	2,537	2,711
34,950	35,000	2,430	2,082	2,241	37,950	38,000	2,676	2,310	2,478	40,950	41,000	2,925	2,541	2,715
35,000					38,000					41,000				
35,000	35,050	2,434	2,086	2,245	38,000	38,050	2,680	2,314	2,482	41,000	41,050	2,929	2,545	2,719
35,050	35,100	2,438	2,090	2,249	38,050	38,100	2,684	2,318	2,486	41,050	41,100	2,933	2,549	2,723
35,100	35,150	2,442	2,094	2,253	38,100	38,150	2,688	2,322	2,490	41,100	41,150	2,938	2,553	2,727
35,150	35,200	2,446	2,097	2,257	38,150	38,200	2,692	2,325	2,494	41,150	41,200	2,942	2,557	2,731
35,200	35,250	2,450	2,101	2,261	38,200	38,250	2,696	2,329	2,498	41,200	41,250	2,946	2,561	2,735
35,250	35,300	2,455	2,105	2,265	38,250	38,300	2,701	2,333	2,502	41,250	41,300	2,950	2,565	2,739
35,300	35,350	2,459	2,109	2,269	38,300	38,350	2,705	2,337	2,506	41,300	41,350	2,955	2,569	2,743
35,350	35,400	2,463	2,113	2,273	38,350	38,400	2,709	2,341	2,510	41,350	41,400	2,959	2,573	2,747
35,400	35,450	2,467	2,116	2,277	38,400	38,450	2,713	2,344	2,514	41,400	41,450	2,963	2,577	2,751
35,450	35,500	2,471	2,120	2,281	38,450	38,500	2,717	2,348	2,518	41,450	41,500	2,967	2,581	2,755
35,500	35,550	2,475	2,124	2,284	38,500	38,550	2,721	2,352	2,521	41,500	41,550	2,972	2,584	2,758
35,550	35,600	2,479	2,128	2,288	38,550	38,600	2,725	2,356	2,525	41,550	41,600	2,976	2,588	2,762
35,600	35,650	2,483	2,132	2,292	38,600	38,650	2,729	2,360	2,529	41,600	41,650	2,980	2,592	2,766
35,650	35,700	2,487	2,135	2,296	38,650	38,700	2,733	2,363	2,533	41,650	41,700	2,984	2,596	2,770
35,700	35,750	2,491	2,139	2,300	38,700	38,750	2,737	2,367	2,537	41,700	41,750	2,989	2,600	2,774
35,750	35,800	2,496	2,143	2,304	38,750	38,800	2,742	2,371	2,541	41,750	41,800	2,993	2,604	2,778
35,800	35,850	2,500	2,147	2,308	38,800	38,850	2,746	2,375	2,545	41,800	41,850	2,997	2,608	2,782
35,850	35,900	2,504	2,151	2,312	38,850	38,900	2,750	2,379	2,549	41,850	41,900	3,001	2,612	2,786
35,900	35,950	2,508	2,154	2,316	38,900	38,950	2,754	2,382	2,553	41,900	41,950	3,006	2,616	2,790
35,950	36,000	2,512	2,158	2,320	38,950	39,000	2,758	2,386	2,557	41,950	42,000	3,010	2,620	2,794
36,000					39,000					42,000				
36,000	36,050	2,516	2,162	2,324	39,000	39,050	2,762	2,390	2,561	42,000	42,050	3,014	2,624	2,798
36,050	36,100	2,520	2,166	2,328	39,050	39,100	2,766	2,394	2,565	42,050	42,100	3,018	2,628	2,802
36,100	36,150	2,524	2,170	2,332	39,100	39,150	2,770	2,398	2,569	42,100	42,150	3,023	2,632	2,806
36,150	36,200	2,528	2,173	2,336	39,150	39,200	2,774	2,401	2,573	42,150	42,200	3,027	2,636	2,810
36,200	36,250	2,532	2,177	2,340	39,200	39,250	2,778	2,405	2,577	42,200	42,250	3,031	2,640	2,814
36,250	36,300	2,537	2,181	2,344	39,250	39,300	2,783	2,409	2,581	42,250	42,300	3,035	2,644	2,818
36,300	36,350	2,541	2,185	2,348	39,300	39,350	2,787	2,413	2,585	42,300	42,350	3,040	2,648	2,822
36,350	36,400	2,545	2,189	2,352	39,350	39,400	2,791	2,417	2,589	42,350	42,400	3,044	2,652	2,826
36,400	36,450	2,549	2,192	2,356	39,400	39,450	2,795	2,420	2,593	42,400	42,450	3,048	2,656	2,830
36,450	36,500	2,553	2,196	2,360	39,450	39,500	2,799	2,424	2,597	42,450	42,500	3,052	2,660	2,834
36,500	36,550	2,557	2,200	2,363	39,500	39,550	2,803	2,428	2,600	42,500	42,550	3,057	2,663	2,837
36,550	36,600	2,561	2,204	2,367	39,550	39,600	2,807	2,432	2,604	42,550	42,600	3,061	2,667	2,841
36,600	36,650	2,565	2,208	2,371	39,600	39,650	2,811	2,436	2,608	42,600	42,650	3,065	2,671	2,845
36,650	36,700	2,569	2,211	2,375	39,650	39,700	2,815	2,439	2,612	42,650	42,700	3,069	2,675	2,849
36,700	36,750	2,573	2,215	2,379	39,700	39,750	2,819	2,443	2,616	42,700	42,750	3,074	2,679	2,853
36,750	36,800	2,578	2,219	2,383	39,750	39,800	2,824	2,447	2,620	42,750	42,800	3,078	2,683	2,857
36,800	36,850	2,582	2,223	2,387	39,800	39,850	2,828	2,451	2,624	42,800	42,850	3,082	2,687	2,861
36,850	36,900	2,586	2,227	2,391	39,850	39,900	2,832	2,455	2,628	42,850	42,900	3,086	2,691	2,865
36,900	36,950	2,590	2,230	2,395	39,900	39,950	2,836	2,458	2,632	42,900	42,950	3,091	2,695	2,869
36,950	37,000	2,594	2,234	2,399	39,950	40,000	2,840	2,462	2,636	42,950	43,000	3,095	2,699	2,873

*This column must also be used by qualifying widow(er)

Continued on next page

2001 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
43,000					46,000					49,000				
43,000	43,050	3,099	2,703	2,877	46,000	46,050	3,354	2,940	3,117	49,000	49,050	3,609	3,177	3,363
43,050	43,100	3,103	2,707	2,881	46,050	46,100	3,358	2,944	3,121	49,050	49,100	3,613	3,181	3,367
43,100	43,150	3,108	2,711	2,885	46,100	46,150	3,363	2,948	3,125	49,100	49,150	3,618	3,185	3,371
43,150	43,200	3,112	2,715	2,889	46,150	46,200	3,367	2,952	3,129	49,150	49,200	3,622	3,189	3,375
43,200	43,250	3,116	2,719	2,893	46,200	46,250	3,371	2,956	3,133	49,200	49,250	3,626	3,193	3,379
43,250	43,300	3,120	2,723	2,897	46,250	46,300	3,375	2,960	3,138	49,250	49,300	3,630	3,197	3,384
43,300	43,350	3,125	2,727	2,901	46,300	46,350	3,380	2,964	3,142	49,300	49,350	3,635	3,201	3,388
43,350	43,400	3,129	2,731	2,905	46,350	46,400	3,384	2,968	3,146	49,350	49,400	3,639	3,205	3,392
43,400	43,450	3,133	2,735	2,909	46,400	46,450	3,388	2,972	3,150	49,400	49,450	3,643	3,209	3,396
43,450	43,500	3,137	2,739	2,913	46,450	46,500	3,392	2,976	3,154	49,450	49,500	3,647	3,213	3,400
43,500	43,550	3,142	2,742	2,916	46,500	46,550	3,397	2,979	3,158	49,500	49,550	3,652	3,216	3,404
43,550	43,600	3,146	2,746	2,920	46,550	46,600	3,401	2,983	3,162	49,550	49,600	3,656	3,220	3,408
43,600	43,650	3,150	2,750	2,924	46,600	46,650	3,405	2,987	3,166	49,600	49,650	3,660	3,224	3,412
43,650	43,700	3,154	2,754	2,928	46,650	46,700	3,409	2,991	3,170	49,650	49,700	3,664	3,228	3,416
43,700	43,750	3,159	2,758	2,932	46,700	46,750	3,414	2,995	3,174	49,700	49,750	3,669	3,232	3,420
43,750	43,800	3,163	2,762	2,936	46,750	46,800	3,418	2,999	3,179	49,750	49,800	3,673	3,236	3,425
43,800	43,850	3,167	2,766	2,940	46,800	46,850	3,422	3,003	3,183	49,800	49,850	3,677	3,240	3,429
43,850	43,900	3,171	2,770	2,944	46,850	46,900	3,426	3,007	3,187	49,850	49,900	3,681	3,244	3,433
43,900	43,950	3,176	2,774	2,948	46,900	46,950	3,431	3,011	3,191	49,900	49,950	3,686	3,248	3,437
43,950	44,000	3,180	2,778	2,952	46,950	47,000	3,435	3,015	3,195	49,950	50,000	3,690	3,252	3,441
44,000					47,000					50,000				
44,000	44,050	3,184	2,782	2,956	47,000	47,050	3,439	3,019	3,199	50,000	50,050	3,694	3,256	3,445
44,050	44,100	3,188	2,786	2,960	47,050	47,100	3,443	3,023	3,203	50,050	50,100	3,698	3,260	3,449
44,100	44,150	3,193	2,790	2,964	47,100	47,150	3,448	3,027	3,207	50,100	50,150	3,703	3,264	3,453
44,150	44,200	3,197	2,794	2,968	47,150	47,200	3,452	3,031	3,211	50,150	50,200	3,707	3,268	3,457
44,200	44,250	3,201	2,798	2,972	47,200	47,250	3,456	3,035	3,215	50,200	50,250	3,711	3,272	3,461
44,250	44,300	3,205	2,802	2,976	47,250	47,300	3,460	3,039	3,220	50,250	50,300	3,715	3,276	3,466
44,300	44,350	3,210	2,806	2,980	47,300	47,350	3,465	3,043	3,224	50,300	50,350	3,720	3,280	3,470
44,350	44,400	3,214	2,810	2,984	47,350	47,400	3,469	3,047	3,228	50,350	50,400	3,724	3,284	3,474
44,400	44,450	3,218	2,814	2,988	47,400	47,450	3,473	3,051	3,232	50,400	50,450	3,728	3,288	3,478
44,450	44,500	3,222	2,818	2,992	47,450	47,500	3,477	3,055	3,236	50,450	50,500	3,732	3,292	3,482
44,500	44,550	3,227	2,821	2,995	47,500	47,550	3,482	3,058	3,240	50,500	50,550	3,737	3,295	3,486
44,550	44,600	3,231	2,825	2,999	47,550	47,600	3,486	3,062	3,244	50,550	50,600	3,741	3,299	3,490
44,600	44,650	3,235	2,829	3,003	47,600	47,650	3,490	3,066	3,248	50,600	50,650	3,745	3,303	3,494
44,650	44,700	3,239	2,833	3,007	47,650	47,700	3,494	3,070	3,252	50,650	50,700	3,749	3,307	3,498
44,700	44,750	3,244	2,837	3,011	47,700	47,750	3,499	3,074	3,256	50,700	50,750	3,754	3,311	3,502
44,750	44,800	3,248	2,841	3,015	47,750	47,800	3,503	3,078	3,261	50,750	50,800	3,758	3,315	3,507
44,800	44,850	3,252	2,845	3,019	47,800	47,850	3,507	3,082	3,265	50,800	50,850	3,762	3,319	3,511
44,850	44,900	3,256	2,849	3,023	47,850	47,900	3,511	3,086	3,269	50,850	50,900	3,766	3,323	3,515
44,900	44,950	3,261	2,853	3,027	47,900	47,950	3,516	3,090	3,273	50,900	50,950	3,771	3,327	3,519
44,950	45,000	3,265	2,857	3,031	47,950	48,000	3,520	3,094	3,277	50,950	51,000	3,775	3,331	3,523
45,000					48,000					51,000				
45,000	45,050	3,269	2,861	3,035	48,000	48,050	3,524	3,098	3,281	51,000	51,050	3,779	3,335	3,527
45,050	45,100	3,273	2,865	3,039	48,050	48,100	3,528	3,102	3,285	51,050	51,100	3,783	3,339	3,531
45,100	45,150	3,278	2,869	3,043	48,100	48,150	3,533	3,106	3,289	51,100	51,150	3,788	3,343	3,535
45,150	45,200	3,282	2,873	3,047	48,150	48,200	3,537	3,110	3,293	51,150	51,200	3,792	3,347	3,539
45,200	45,250	3,286	2,877	3,051	48,200	48,250	3,541	3,114	3,297	51,200	51,250	3,796	3,351	3,543
45,250	45,300	3,290	2,881	3,056	48,250	48,300	3,545	3,118	3,302	51,250	51,300	3,800	3,355	3,548
45,300	45,350	3,295	2,885	3,060	48,300	48,350	3,550	3,122	3,306	51,300	51,350	3,805	3,359	3,552
45,350	45,400	3,299	2,889	3,064	48,350	48,400	3,554	3,126	3,310	51,350	51,400	3,809	3,363	3,556
45,400	45,450	3,303	2,893	3,068	48,400	48,450	3,558	3,130	3,314	51,400	51,450	3,813	3,367	3,560
45,450	45,500	3,307	2,897	3,072	48,450	48,500	3,562	3,134	3,318	51,450	51,500	3,817	3,371	3,564
45,500	45,550	3,312	2,900	3,076	48,500	48,550	3,567	3,137	3,322	51,500	51,550	3,822	3,374	3,568
45,550	45,600	3,316	2,904	3,080	48,550	48,600	3,571	3,141	3,326	51,550	51,600	3,826	3,378	3,572
45,600	45,650	3,320	2,908	3,084	48,600	48,650	3,575	3,145	3,330	51,600	51,650	3,830	3,382	3,576
45,650	45,700	3,324	2,912	3,088	48,650	48,700	3,579	3,149	3,334	51,650	51,700	3,834	3,386	3,580
45,700	45,750	3,329	2,916	3,092	48,700	48,750	3,584	3,153	3,338	51,700	51,750	3,839	3,390	3,584
45,750	45,800	3,333	2,920	3,097	48,750	48,800	3,588	3,157	3,343	51,750	51,800	3,843	3,394	3,589
45,800	45,850	3,337	2,924	3,101	48,800	48,850	3,592	3,161	3,347	51,800	51,850	3,847	3,398	3,593
45,850	45,900	3,341	2,928	3,105	48,850	48,900	3,596	3,165	3,351	51,850	51,900	3,851	3,402	3,597
45,900	45,950	3,346	2,932	3,109	48,900	48,950	3,601	3,169	3,355	51,900	51,950	3,856	3,406	3,601
45,950	46,000	3,350	2,936	3,113	48,950	49,000	3,605	3,173	3,359	51,950	52,000	3,860	3,410	3,605

*This column must also be used by qualifying widow(er)

Continued on next page

2001 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
52,000					55,000					58,000				
52,000	52,050	3,864	3,414	3,609	55,000	55,050	4,119	3,651	3,855	58,000	58,050	4,374	3,888	4,101
52,050	52,100	3,868	3,418	3,613	55,050	55,100	4,123	3,655	3,859	58,050	58,100	4,378	3,892	4,105
52,100	52,150	3,873	3,422	3,617	55,100	55,150	4,128	3,659	3,863	58,100	58,150	4,383	3,896	4,109
52,150	52,200	3,877	3,426	3,621	55,150	55,200	4,132	3,663	3,867	58,150	58,200	4,387	3,900	4,113
52,200	52,250	3,881	3,430	3,625	55,200	55,250	4,136	3,667	3,871	58,200	58,250	4,391	3,904	4,117
52,250	52,300	3,885	3,434	3,630	55,250	55,300	4,140	3,671	3,876	58,250	58,300	4,395	3,908	4,122
52,300	52,350	3,890	3,438	3,634	55,300	55,350	4,145	3,675	3,880	58,300	58,350	4,400	3,912	4,126
52,350	52,400	3,894	3,442	3,638	55,350	55,400	4,149	3,679	3,884	58,350	58,400	4,404	3,916	4,130
52,400	52,450	3,898	3,446	3,642	55,400	55,450	4,153	3,683	3,888	58,400	58,450	4,408	3,920	4,134
52,450	52,500	3,902	3,450	3,646	55,450	55,500	4,157	3,687	3,892	58,450	58,500	4,412	3,924	4,138
52,500	52,550	3,907	3,453	3,650	55,500	55,550	4,162	3,690	3,896	58,500	58,550	4,417	3,927	4,142
52,550	52,600	3,911	3,457	3,654	55,550	55,600	4,166	3,694	3,900	58,550	58,600	4,421	3,931	4,146
52,600	52,650	3,915	3,461	3,658	55,600	55,650	4,170	3,698	3,904	58,600	58,650	4,425	3,935	4,150
52,650	52,700	3,919	3,465	3,662	55,650	55,700	4,174	3,702	3,908	58,650	58,700	4,429	3,939	4,154
52,700	52,750	3,924	3,469	3,666	55,700	55,750	4,179	3,706	3,912	58,700	58,750	4,434	3,943	4,158
52,750	52,800	3,928	3,473	3,671	55,750	55,800	4,183	3,710	3,917	58,750	58,800	4,438	3,947	4,163
52,800	52,850	3,932	3,477	3,675	55,800	55,850	4,187	3,714	3,921	58,800	58,850	4,442	3,951	4,167
52,850	52,900	3,936	3,481	3,679	55,850	55,900	4,191	3,718	3,925	58,850	58,900	4,446	3,955	4,171
52,900	52,950	3,941	3,485	3,683	55,900	55,950	4,196	3,722	3,929	58,900	58,950	4,451	3,959	4,175
52,950	53,000	3,945	3,489	3,687	55,950	56,000	4,200	3,726	3,933	58,950	59,000	4,455	3,963	4,179
53,000					56,000					59,000				
53,000	53,050	3,949	3,493	3,691	56,000	56,050	4,204	3,730	3,937	59,000	59,050	4,459	3,967	4,183
53,050	53,100	3,953	3,497	3,695	56,050	56,100	4,208	3,734	3,941	59,050	59,100	4,463	3,971	4,187
53,100	53,150	3,958	3,501	3,699	56,100	56,150	4,213	3,738	3,945	59,100	59,150	4,468	3,975	4,191
53,150	53,200	3,962	3,505	3,703	56,150	56,200	4,217	3,742	3,949	59,150	59,200	4,472	3,979	4,195
53,200	53,250	3,966	3,509	3,707	56,200	56,250	4,221	3,746	3,953	59,200	59,250	4,476	3,983	4,199
53,250	53,300	3,970	3,513	3,712	56,250	56,300	4,225	3,750	3,958	59,250	59,300	4,480	3,987	4,204
53,300	53,350	3,975	3,517	3,716	56,300	56,350	4,230	3,754	3,962	59,300	59,350	4,485	3,991	4,208
53,350	53,400	3,979	3,521	3,720	56,350	56,400	4,234	3,758	3,966	59,350	59,400	4,489	3,995	4,212
53,400	53,450	3,983	3,525	3,724	56,400	56,450	4,238	3,762	3,970	59,400	59,450	4,493	3,999	4,216
53,450	53,500	3,987	3,529	3,728	56,450	56,500	4,242	3,766	3,974	59,450	59,500	4,497	4,003	4,220
53,500	53,550	3,992	3,532	3,732	56,500	56,550	4,247	3,769	3,978	59,500	59,550	4,502	4,006	4,224
53,550	53,600	3,996	3,536	3,736	56,550	56,600	4,251	3,773	3,982	59,550	59,600	4,506	4,010	4,228
53,600	53,650	4,000	3,540	3,740	56,600	56,650	4,255	3,777	3,986	59,600	59,650	4,510	4,014	4,232
53,650	53,700	4,004	3,544	3,744	56,650	56,700	4,259	3,781	3,990	59,650	59,700	4,514	4,018	4,236
53,700	53,750	4,009	3,548	3,748	56,700	56,750	4,264	3,785	3,994	59,700	59,750	4,519	4,022	4,240
53,750	53,800	4,013	3,552	3,753	56,750	56,800	4,268	3,789	3,999	59,750	59,800	4,523	4,026	4,245
53,800	53,850	4,017	3,556	3,757	56,800	56,850	4,272	3,793	4,003	59,800	59,850	4,527	4,030	4,249
53,850	53,900	4,021	3,560	3,761	56,850	56,900	4,276	3,797	4,007	59,850	59,900	4,531	4,034	4,253
53,900	53,950	4,026	3,564	3,765	56,900	56,950	4,281	3,801	4,011	59,900	59,950	4,536	4,038	4,257
53,950	54,000	4,030	3,568	3,769	56,950	57,000	4,285	3,805	4,015	59,950	60,000	4,540	4,042	4,261
54,000					57,000					60,000				
54,000	54,050	4,034	3,572	3,773	57,000	57,050	4,289	3,809	4,019	60,000	60,050	4,544	4,046	4,265
54,050	54,100	4,038	3,576	3,777	57,050	57,100	4,293	3,813	4,023	60,050	60,100	4,548	4,050	4,269
54,100	54,150	4,043	3,580	3,781	57,100	57,150	4,298	3,817	4,027	60,100	60,150	4,553	4,054	4,274
54,150	54,200	4,047	3,584	3,785	57,150	57,200	4,302	3,821	4,031	60,150	60,200	4,557	4,058	4,278
54,200	54,250	4,051	3,588	3,789	57,200	57,250	4,306	3,825	4,035	60,200	60,250	4,561	4,062	4,282
54,250	54,300	4,055	3,592	3,794	57,250	57,300	4,310	3,829	4,040	60,250	60,300	4,565	4,067	4,286
54,300	54,350	4,060	3,596	3,798	57,300	57,350	4,315	3,833	4,044	60,300	60,350	4,570	4,071	4,291
54,350	54,400	4,064	3,600	3,802	57,350	57,400	4,319	3,837	4,048	60,350	60,400	4,574	4,075	4,295
54,400	54,450	4,068	3,604	3,806	57,400	57,450	4,323	3,841	4,052	60,400	60,450	4,578	4,079	4,299
54,450	54,500	4,072	3,608	3,810	57,450	57,500	4,327	3,845	4,056	60,450	60,500	4,582	4,083	4,303
54,500	54,550	4,077	3,611	3,814	57,500	57,550	4,332	3,848	4,060	60,500	60,550	4,587	4,087	4,308
54,550	54,600	4,081	3,615	3,818	57,550	57,600	4,336	3,852	4,064	60,550	60,600	4,591	4,091	4,312
54,600	54,650	4,085	3,619	3,822	57,600	57,650	4,340	3,856	4,068	60,600	60,650	4,595	4,095	4,316
54,650	54,700	4,089	3,623	3,826	57,650	57,700	4,344	3,860	4,072	60,650	60,700	4,599	4,099	4,320
54,700	54,750	4,094	3,627	3,830	57,700	57,750	4,349	3,864	4,076	60,700	60,750	4,604	4,103	4,325
54,750	54,800	4,098	3,631	3,835	57,750	57,800	4,353	3,868	4,081	60,750	60,800	4,608	4,108	4,329
54,800	54,850	4,102	3,635	3,839	57,800	57,850	4,357	3,872	4,085	60,800	60,850	4,612	4,112	4,333
54,850	54,900	4,106	3,639	3,843	57,850	57,900	4,361	3,876	4,089	60,850	60,900	4,616	4,116	4,337
54,900	54,950	4,111	3,643	3,847	57,900	57,950	4,366	3,880	4,093	60,900	60,950	4,621	4,120	4,342
54,950	55,000	4,115	3,647	3,851	57,950	58,000	4,370	3,884	4,097	60,950	61,000	4,625	4,124	4,346

*This column must also be used by qualifying widow(er)

Continued on next page

2001 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
61,000					64,000					67,000				
61,000	61,050	4,629	4,128	4,350	64,000	64,050	4,884	4,374	4,605	67,000	67,050	5,139	4,620	4,860
61,050	61,100	4,633	4,132	4,354	64,050	64,100	4,888	4,378	4,609	67,050	67,100	5,143	4,624	4,864
61,100	61,150	4,638	4,136	4,359	64,100	64,150	4,893	4,382	4,614	67,100	67,150	5,148	4,628	4,869
61,150	61,200	4,642	4,140	4,363	64,150	64,200	4,897	4,386	4,618	67,150	67,200	5,152	4,632	4,873
61,200	61,250	4,646	4,144	4,367	64,200	64,250	4,901	4,390	4,622	67,200	67,250	5,156	4,636	4,877
61,250	61,300	4,650	4,149	4,371	64,250	64,300	4,905	4,395	4,626	67,250	67,300	5,160	4,641	4,881
61,300	61,350	4,655	4,153	4,376	64,300	64,350	4,910	4,399	4,631	67,300	67,350	5,165	4,645	4,886
61,350	61,400	4,659	4,157	4,380	64,350	64,400	4,914	4,403	4,635	67,350	67,400	5,169	4,649	4,890
61,400	61,450	4,663	4,161	4,384	64,400	64,450	4,918	4,407	4,639	67,400	67,450	5,173	4,653	4,894
61,450	61,500	4,667	4,165	4,388	64,450	64,500	4,922	4,411	4,643	67,450	67,500	5,177	4,657	4,898
61,500	61,550	4,672	4,169	4,393	64,500	64,550	4,927	4,415	4,648	67,500	67,550	5,182	4,661	4,903
61,550	61,600	4,676	4,173	4,397	64,550	64,600	4,931	4,419	4,652	67,550	67,600	5,186	4,665	4,907
61,600	61,650	4,680	4,177	4,401	64,600	64,650	4,935	4,423	4,656	67,600	67,650	5,190	4,669	4,911
61,650	61,700	4,684	4,181	4,405	64,650	64,700	4,939	4,427	4,660	67,650	67,700	5,194	4,673	4,915
61,700	61,750	4,689	4,185	4,410	64,700	64,750	4,944	4,431	4,665	67,700	67,750	5,199	4,677	4,920
61,750	61,800	4,693	4,190	4,414	64,750	64,800	4,948	4,436	4,669	67,750	67,800	5,203	4,682	4,924
61,800	61,850	4,697	4,194	4,418	64,800	64,850	4,952	4,440	4,673	67,800	67,850	5,207	4,686	4,928
61,850	61,900	4,701	4,198	4,422	64,850	64,900	4,956	4,444	4,677	67,850	67,900	5,211	4,690	4,932
61,900	61,950	4,706	4,202	4,427	64,900	64,950	4,961	4,448	4,682	67,900	67,950	5,216	4,694	4,937
61,950	62,000	4,710	4,206	4,431	64,950	65,000	4,965	4,452	4,686	67,950	68,000	5,220	4,698	4,941
62,000					65,000					68,000				
62,000	62,050	4,714	4,210	4,435	65,000	65,050	4,969	4,456	4,690	68,000	68,050	5,224	4,702	4,945
62,050	62,100	4,718	4,214	4,439	65,050	65,100	4,973	4,460	4,694	68,050	68,100	5,228	4,706	4,949
62,100	62,150	4,723	4,218	4,444	65,100	65,150	4,978	4,464	4,699	68,100	68,150	5,233	4,710	4,954
62,150	62,200	4,727	4,222	4,448	65,150	65,200	4,982	4,468	4,703	68,150	68,200	5,237	4,714	4,958
62,200	62,250	4,731	4,226	4,452	65,200	65,250	4,986	4,472	4,707	68,200	68,250	5,241	4,718	4,962
62,250	62,300	4,735	4,231	4,456	65,250	65,300	4,990	4,477	4,711	68,250	68,300	5,245	4,723	4,966
62,300	62,350	4,740	4,235	4,461	65,300	65,350	4,995	4,481	4,716	68,300	68,350	5,250	4,727	4,971
62,350	62,400	4,744	4,239	4,465	65,350	65,400	4,999	4,485	4,720	68,350	68,400	5,254	4,731	4,975
62,400	62,450	4,748	4,243	4,469	65,400	65,450	5,003	4,489	4,724	68,400	68,450	5,258	4,735	4,979
62,450	62,500	4,752	4,247	4,473	65,450	65,500	5,007	4,493	4,728	68,450	68,500	5,262	4,739	4,983
62,500	62,550	4,757	4,251	4,478	65,500	65,550	5,012	4,497	4,733	68,500	68,550	5,267	4,743	4,988
62,550	62,600	4,761	4,255	4,482	65,550	65,600	5,016	4,501	4,737	68,550	68,600	5,271	4,747	4,992
62,600	62,650	4,765	4,259	4,486	65,600	65,650	5,020	4,505	4,741	68,600	68,650	5,275	4,751	4,996
62,650	62,700	4,769	4,263	4,490	65,650	65,700	5,024	4,509	4,745	68,650	68,700	5,279	4,755	5,000
62,700	62,750	4,774	4,267	4,495	65,700	65,750	5,029	4,513	4,750	68,700	68,750	5,284	4,759	5,005
62,750	62,800	4,778	4,272	4,499	65,750	65,800	5,033	4,518	4,754	68,750	68,800	5,288	4,764	5,009
62,800	62,850	4,782	4,276	4,503	65,800	65,850	5,037	4,522	4,758	68,800	68,850	5,292	4,768	5,013
62,850	62,900	4,786	4,280	4,507	65,850	65,900	5,041	4,526	4,762	68,850	68,900	5,296	4,772	5,017
62,900	62,950	4,791	4,284	4,512	65,900	65,950	5,046	4,530	4,767	68,900	68,950	5,301	4,776	5,022
62,950	63,000	4,795	4,288	4,516	65,950	66,000	5,050	4,534	4,771	68,950	69,000	5,305	4,780	5,026
63,000					66,000					69,000				
63,000	63,050	4,799	4,292	4,520	66,000	66,050	5,054	4,538	4,775	69,000	69,050	5,309	4,784	5,030
63,050	63,100	4,803	4,296	4,524	66,050	66,100	5,058	4,542	4,779	69,050	69,100	5,313	4,788	5,034
63,100	63,150	4,808	4,300	4,529	66,100	66,150	5,063	4,546	4,784	69,100	69,150	5,318	4,792	5,039
63,150	63,200	4,812	4,304	4,533	66,150	66,200	5,067	4,550	4,788	69,150	69,200	5,322	4,796	5,043
63,200	63,250	4,816	4,308	4,537	66,200	66,250	5,071	4,554	4,792	69,200	69,250	5,326	4,800	5,047
63,250	63,300	4,820	4,313	4,541	66,250	66,300	5,075	4,559	4,796	69,250	69,300	5,330	4,805	5,051
63,300	63,350	4,825	4,317	4,546	66,300	66,350	5,080	4,563	4,801	69,300	69,350	5,335	4,809	5,056
63,350	63,400	4,829	4,321	4,550	66,350	66,400	5,084	4,567	4,805	69,350	69,400	5,339	4,813	5,060
63,400	63,450	4,833	4,325	4,554	66,400	66,450	5,088	4,571	4,809	69,400	69,450	5,343	4,817	5,064
63,450	63,500	4,837	4,329	4,558	66,450	66,500	5,092	4,575	4,813	69,450	69,500	5,347	4,821	5,068
63,500	63,550	4,842	4,333	4,563	66,500	66,550	5,097	4,579	4,818	69,500	69,550	5,352	4,825	5,073
63,550	63,600	4,846	4,337	4,567	66,550	66,600	5,101	4,583	4,822	69,550	69,600	5,356	4,829	5,077
63,600	63,650	4,850	4,341	4,571	66,600	66,650	5,105	4,587	4,826	69,600	69,650	5,360	4,833	5,081
63,650	63,700	4,854	4,345	4,575	66,650	66,700	5,109	4,591	4,830	69,650	69,700	5,364	4,837	5,085
63,700	63,750	4,859	4,349	4,580	66,700	66,750	5,114	4,595	4,835	69,700	69,750	5,369	4,841	5,090
63,750	63,800	4,863	4,354	4,584	66,750	66,800	5,118	4,600	4,839	69,750	69,800	5,373	4,846	5,094
63,800	63,850	4,867	4,358	4,588	66,800	66,850	5,122	4,604	4,843	69,800	69,850	5,377	4,850	5,098
63,850	63,900	4,871	4,362	4,592	66,850	66,900	5,126	4,608	4,847	69,850	69,900	5,381	4,854	5,102
63,900	63,950	4,876	4,366	4,597	66,900	66,950	5,131	4,612	4,852	69,900	69,950	5,386	4,858	5,107
63,950	64,000	4,880	4,370	4,601	66,950	67,000	5,135	4,616	4,856	69,950	70,000	5,390	4,862	5,111

*This column must also be used by qualifying widow(er)

Continued on next page

2001 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
70,000					73,000					76,000				
70,000	70,050	5,394	4,866	5,115	73,000	73,050	5,649	5,112	5,370	76,000	76,050	5,904	5,358	5,625
70,050	70,100	5,398	4,870	5,119	73,050	73,100	5,653	5,116	5,374	76,050	76,100	5,908	5,362	5,629
70,100	70,150	5,403	4,874	5,124	73,100	73,150	5,658	5,120	5,379	76,100	76,150	5,913	5,366	5,634
70,150	70,200	5,407	4,878	5,128	73,150	73,200	5,662	5,124	5,383	76,150	76,200	5,917	5,370	5,638
70,200	70,250	5,411	4,882	5,132	73,200	73,250	5,666	5,128	5,387	76,200	76,250	5,921	5,374	5,642
70,250	70,300	5,415	4,887	5,136	73,250	73,300	5,670	5,133	5,391	76,250	76,300	5,925	5,379	5,646
70,300	70,350	5,420	4,891	5,141	73,300	73,350	5,675	5,137	5,396	76,300	76,350	5,930	5,383	5,651
70,350	70,400	5,424	4,895	5,145	73,350	73,400	5,679	5,141	5,400	76,350	76,400	5,934	5,387	5,655
70,400	70,450	5,428	4,899	5,149	73,400	73,450	5,683	5,145	5,404	76,400	76,450	5,938	5,391	5,659
70,450	70,500	5,432	4,903	5,153	73,450	73,500	5,687	5,149	5,408	76,450	76,500	5,942	5,395	5,663
70,500	70,550	5,437	4,907	5,158	73,500	73,550	5,692	5,153	5,413	76,500	76,550	5,947	5,399	5,668
70,550	70,600	5,441	4,911	5,162	73,550	73,600	5,696	5,157	5,417	76,550	76,600	5,951	5,403	5,672
70,600	70,650	5,445	4,915	5,166	73,600	73,650	5,700	5,161	5,421	76,600	76,650	5,955	5,407	5,676
70,650	70,700	5,449	4,919	5,170	73,650	73,700	5,704	5,165	5,425	76,650	76,700	5,959	5,411	5,680
70,700	70,750	5,454	4,923	5,175	73,700	73,750	5,709	5,169	5,430	76,700	76,750	5,964	5,415	5,685
70,750	70,800	5,458	4,928	5,179	73,750	73,800	5,713	5,174	5,434	76,750	76,800	5,968	5,420	5,689
70,800	70,850	5,462	4,932	5,183	73,800	73,850	5,717	5,178	5,438	76,800	76,850	5,972	5,424	5,693
70,850	70,900	5,466	4,936	5,187	73,850	73,900	5,721	5,182	5,442	76,850	76,900	5,976	5,428	5,697
70,900	70,950	5,471	4,940	5,192	73,900	73,950	5,726	5,186	5,447	76,900	76,950	5,981	5,432	5,702
70,950	71,000	5,475	4,944	5,196	73,950	74,000	5,730	5,190	5,451	76,950	77,000	5,985	5,436	5,706
71,000					74,000					77,000				
71,000	71,050	5,479	4,948	5,200	74,000	74,050	5,734	5,194	5,455	77,000	77,050	5,989	5,440	5,710
71,050	71,100	5,483	4,952	5,204	74,050	74,100	5,738	5,198	5,459	77,050	77,100	5,993	5,444	5,714
71,100	71,150	5,488	4,956	5,209	74,100	74,150	5,743	5,202	5,464	77,100	77,150	5,998	5,448	5,719
71,150	71,200	5,492	4,960	5,213	74,150	74,200	5,747	5,206	5,468	77,150	77,200	6,002	5,452	5,723
71,200	71,250	5,496	4,964	5,217	74,200	74,250	5,751	5,210	5,472	77,200	77,250	6,006	5,456	5,727
71,250	71,300	5,500	4,969	5,221	74,250	74,300	5,755	5,215	5,476	77,250	77,300	6,010	5,461	5,731
71,300	71,350	5,505	4,973	5,226	74,300	74,350	5,760	5,219	5,481	77,300	77,350	6,015	5,465	5,736
71,350	71,400	5,509	4,977	5,230	74,350	74,400	5,764	5,223	5,485	77,350	77,400	6,019	5,469	5,740
71,400	71,450	5,513	4,981	5,234	74,400	74,450	5,768	5,227	5,489	77,400	77,450	6,023	5,473	5,744
71,450	71,500	5,517	4,985	5,238	74,450	74,500	5,772	5,231	5,493	77,450	77,500	6,027	5,477	5,748
71,500	71,550	5,522	4,989	5,243	74,500	74,550	5,777	5,235	5,498	77,500	77,550	6,032	5,481	5,753
71,550	71,600	5,526	4,993	5,247	74,550	74,600	5,781	5,239	5,502	77,550	77,600	6,036	5,485	5,757
71,600	71,650	5,530	4,997	5,251	74,600	74,650	5,785	5,243	5,506	77,600	77,650	6,040	5,489	5,761
71,650	71,700	5,534	5,001	5,255	74,650	74,700	5,789	5,247	5,510	77,650	77,700	6,044	5,493	5,765
71,700	71,750	5,539	5,005	5,260	74,700	74,750	5,794	5,251	5,515	77,700	77,750	6,049	5,497	5,770
71,750	71,800	5,543	5,010	5,264	74,750	74,800	5,798	5,256	5,519	77,750	77,800	6,053	5,502	5,774
71,800	71,850	5,547	5,014	5,268	74,800	74,850	5,802	5,260	5,523	77,800	77,850	6,057	5,506	5,778
71,850	71,900	5,551	5,018	5,272	74,850	74,900	5,806	5,264	5,527	77,850	77,900	6,061	5,510	5,782
71,900	71,950	5,556	5,022	5,277	74,900	74,950	5,811	5,268	5,532	77,900	77,950	6,066	5,514	5,787
71,950	72,000	5,560	5,026	5,281	74,950	75,000	5,815	5,272	5,536	77,950	78,000	6,070	5,518	5,791
72,000					75,000					78,000				
72,000	72,050	5,564	5,030	5,285	75,000	75,050	5,819	5,276	5,540	78,000	78,050	6,074	5,522	5,795
72,050	72,100	5,568	5,034	5,289	75,050	75,100	5,823	5,280	5,544	78,050	78,100	6,078	5,526	5,799
72,100	72,150	5,573	5,038	5,294	75,100	75,150	5,828	5,284	5,549	78,100	78,150	6,083	5,530	5,804
72,150	72,200	5,577	5,042	5,298	75,150	75,200	5,832	5,288	5,553	78,150	78,200	6,087	5,534	5,808
72,200	72,250	5,581	5,046	5,302	75,200	75,250	5,836	5,292	5,557	78,200	78,250	6,091	5,538	5,812
72,250	72,300	5,585	5,051	5,306	75,250	75,300	5,840	5,297	5,561	78,250	78,300	6,095	5,543	5,816
72,300	72,350	5,590	5,055	5,311	75,300	75,350	5,845	5,301	5,566	78,300	78,350	6,100	5,547	5,821
72,350	72,400	5,594	5,059	5,315	75,350	75,400	5,849	5,305	5,570	78,350	78,400	6,104	5,551	5,825
72,400	72,450	5,598	5,063	5,319	75,400	75,450	5,853	5,309	5,574	78,400	78,450	6,108	5,555	5,829
72,450	72,500	5,602	5,067	5,323	75,450	75,500	5,857	5,313	5,578	78,450	78,500	6,112	5,559	5,833
72,500	72,550	5,607	5,071	5,328	75,500	75,550	5,862	5,317	5,583	78,500	78,550	6,117	5,563	5,838
72,550	72,600	5,611	5,075	5,332	75,550	75,600	5,866	5,321	5,587	78,550	78,600	6,121	5,567	5,842
72,600	72,650	5,615	5,079	5,336	75,600	75,650	5,870	5,325	5,591	78,600	78,650	6,125	5,571	5,846
72,650	72,700	5,619	5,083	5,340	75,650	75,700	5,874	5,329	5,595	78,650	78,700	6,129	5,575	5,850
72,700	72,750	5,624	5,087	5,345	75,700	75,750	5,879	5,333	5,600	78,700	78,750	6,134	5,579	5,855
72,750	72,800	5,628	5,092	5,349	75,750	75,800	5,883	5,338	5,604	78,750	78,800	6,138	5,584	5,859
72,800	72,850	5,632	5,096	5,353	75,800	75,850	5,887	5,342	5,608	78,800	78,850	6,142	5,588	5,863
72,850	72,900	5,636	5,100	5,357	75,850	75,900	5,891	5,346	5,612	78,850	78,900	6,146	5,592	5,867
72,900	72,950	5,641	5,104	5,362	75,900	75,950	5,896	5,350	5,617	78,900	78,950	6,151	5,596	5,872
72,950	73,000	5,645	5,108	5,366	75,950	76,000	5,900	5,354	5,621	78,950	79,000	6,155	5,600	5,876

*This column must also be used by qualifying widow(er)

Continued on next page

2001 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
79,000					82,000					85,000				
79,000	79,050	6,159	5,604	5,880	82,000	82,050	6,414	5,856	6,135	85,000	85,050	6,669	6,111	6,390
79,050	79,100	6,163	5,608	5,884	82,050	82,100	6,418	5,860	6,139	85,050	85,100	6,673	6,115	6,394
79,100	79,150	6,168	5,612	5,889	82,100	82,150	6,423	5,865	6,144	85,100	85,150	6,678	6,120	6,399
79,150	79,200	6,172	5,616	5,893	82,150	82,200	6,427	5,869	6,148	85,150	85,200	6,682	6,124	6,403
79,200	79,250	6,176	5,620	5,897	82,200	82,250	6,431	5,873	6,152	85,200	85,250	6,686	6,128	6,407
79,250	79,300	6,180	5,625	5,901	82,250	82,300	6,435	5,877	6,156	85,250	85,300	6,690	6,132	6,411
79,300	79,350	6,185	5,629	5,906	82,300	82,350	6,440	5,882	6,161	85,300	85,350	6,695	6,137	6,416
79,350	79,400	6,189	5,633	5,910	82,350	82,400	6,444	5,886	6,165	85,350	85,400	6,699	6,141	6,420
79,400	79,450	6,193	5,637	5,914	82,400	82,450	6,448	5,890	6,169	85,400	85,450	6,703	6,145	6,424
79,450	79,500	6,197	5,641	5,918	82,450	82,500	6,452	5,894	6,173	85,450	85,500	6,707	6,149	6,428
79,500	79,550	6,202	5,645	5,923	82,500	82,550	6,457	5,899	6,178	85,500	85,550	6,712	6,154	6,433
79,550	79,600	6,206	5,649	5,927	82,550	82,600	6,461	5,903	6,182	85,550	85,600	6,716	6,158	6,437
79,600	79,650	6,210	5,653	5,931	82,600	82,650	6,465	5,907	6,186	85,600	85,650	6,720	6,162	6,441
79,650	79,700	6,214	5,657	5,935	82,650	82,700	6,469	5,911	6,190	85,650	85,700	6,724	6,166	6,445
79,700	79,750	6,219	5,661	5,940	82,700	82,750	6,474	5,916	6,195	85,700	85,750	6,729	6,171	6,450
79,750	79,800	6,223	5,666	5,944	82,750	82,800	6,478	5,920	6,199	85,750	85,800	6,733	6,175	6,454
79,800	79,850	6,227	5,670	5,948	82,800	82,850	6,482	5,924	6,203	85,800	85,850	6,737	6,179	6,458
79,850	79,900	6,231	5,674	5,952	82,850	82,900	6,486	5,928	6,207	85,850	85,900	6,741	6,183	6,462
79,900	79,950	6,236	5,678	5,957	82,900	82,950	6,491	5,933	6,212	85,900	85,950	6,746	6,188	6,467
79,950	80,000	6,240	5,682	5,961	82,950	83,000	6,495	5,937	6,216	85,950	86,000	6,750	6,192	6,471
80,000					83,000					86,000				
80,000	80,050	6,244	5,686	5,965	83,000	83,050	6,499	5,941	6,220	86,000	86,050	6,754	6,196	6,475
80,050	80,100	6,248	5,690	5,969	83,050	83,100	6,503	5,945	6,224	86,050	86,100	6,758	6,200	6,479
80,100	80,150	6,253	5,695	5,974	83,100	83,150	6,508	5,950	6,229	86,100	86,150	6,763	6,205	6,484
80,150	80,200	6,257	5,699	5,978	83,150	83,200	6,512	5,954	6,233	86,150	86,200	6,767	6,209	6,488
80,200	80,250	6,261	5,703	5,982	83,200	83,250	6,516	5,958	6,237	86,200	86,250	6,771	6,213	6,492
80,250	80,300	6,265	5,707	5,986	83,250	83,300	6,520	5,962	6,241	86,250	86,300	6,775	6,217	6,496
80,300	80,350	6,270	5,712	5,991	83,300	83,350	6,525	5,967	6,246	86,300	86,350	6,780	6,222	6,501
80,350	80,400	6,274	5,716	5,995	83,350	83,400	6,529	5,971	6,250	86,350	86,400	6,784	6,226	6,505
80,400	80,450	6,278	5,720	5,999	83,400	83,450	6,533	5,975	6,254	86,400	86,450	6,788	6,230	6,509
80,450	80,500	6,282	5,724	6,003	83,450	83,500	6,537	5,979	6,258	86,450	86,500	6,792	6,234	6,513
80,500	80,550	6,287	5,729	6,008	83,500	83,550	6,542	5,984	6,263	86,500	86,550	6,797	6,239	6,518
80,550	80,600	6,291	5,733	6,012	83,550	83,600	6,546	5,988	6,267	86,550	86,600	6,801	6,243	6,522
80,600	80,650	6,295	5,737	6,016	83,600	83,650	6,550	5,992	6,271	86,600	86,650	6,805	6,247	6,526
80,650	80,700	6,299	5,741	6,020	83,650	83,700	6,554	5,996	6,275	86,650	86,700	6,809	6,251	6,530
80,700	80,750	6,304	5,746	6,025	83,700	83,750	6,559	6,001	6,280	86,700	86,750	6,814	6,256	6,535
80,750	80,800	6,308	5,750	6,029	83,750	83,800	6,563	6,005	6,284	86,750	86,800	6,818	6,260	6,539
80,800	80,850	6,312	5,754	6,033	83,800	83,850	6,567	6,009	6,288	86,800	86,850	6,822	6,264	6,543
80,850	80,900	6,316	5,758	6,037	83,850	83,900	6,571	6,013	6,292	86,850	86,900	6,826	6,268	6,547
80,900	80,950	6,321	5,763	6,042	83,900	83,950	6,576	6,018	6,297	86,900	86,950	6,831	6,273	6,552
80,950	81,000	6,325	5,767	6,046	83,950	84,000	6,580	6,022	6,301	86,950	87,000	6,835	6,277	6,556
81,000					84,000					87,000				
81,000	81,050	6,329	5,771	6,050	84,000	84,050	6,584	6,026	6,305	87,000	87,050	6,839	6,281	6,560
81,050	81,100	6,333	5,775	6,054	84,050	84,100	6,588	6,030	6,309	87,050	87,100	6,843	6,285	6,564
81,100	81,150	6,338	5,780	6,059	84,100	84,150	6,593	6,035	6,314	87,100	87,150	6,848	6,290	6,569
81,150	81,200	6,342	5,784	6,063	84,150	84,200	6,597	6,039	6,318	87,150	87,200	6,852	6,294	6,573
81,200	81,250	6,346	5,788	6,067	84,200	84,250	6,601	6,043	6,322	87,200	87,250	6,856	6,298	6,577
81,250	81,300	6,350	5,792	6,071	84,250	84,300	6,605	6,047	6,326	87,250	87,300	6,860	6,302	6,581
81,300	81,350	6,355	5,797	6,076	84,300	84,350	6,610	6,052	6,331	87,300	87,350	6,865	6,307	6,586
81,350	81,400	6,359	5,801	6,080	84,350	84,400	6,614	6,056	6,335	87,350	87,400	6,869	6,311	6,590
81,400	81,450	6,363	5,805	6,084	84,400	84,450	6,618	6,060	6,339	87,400	87,450	6,873	6,315	6,594
81,450	81,500	6,367	5,809	6,088	84,450	84,500	6,622	6,064	6,343	87,450	87,500	6,877	6,319	6,598
81,500	81,550	6,372	5,814	6,093	84,500	84,550	6,627	6,069	6,348	87,500	87,550	6,882	6,324	6,603
81,550	81,600	6,376	5,818	6,097	84,550	84,600	6,631	6,073	6,352	87,550	87,600	6,886	6,328	6,607
81,600	81,650	6,380	5,822	6,101	84,600	84,650	6,635	6,077	6,356	87,600	87,650	6,890	6,332	6,611
81,650	81,700	6,384	5,826	6,105	84,650	84,700	6,639	6,081	6,360	87,650	87,700	6,894	6,336	6,615
81,700	81,750	6,389	5,831	6,110	84,700	84,750	6,644	6,086	6,365	87,700	87,750	6,899	6,341	6,620
81,750	81,800	6,393	5,835	6,114	84,750	84,800	6,648	6,090	6,369	87,750	87,800	6,903	6,345	6,624
81,800	81,850	6,397	5,839	6,118	84,800	84,850	6,652	6,094	6,373	87,800	87,850	6,907	6,349	6,628
81,850	81,900	6,401	5,843	6,122	84,850	84,900	6,656	6,098	6,377	87,850	87,900	6,911	6,353	6,632
81,900	81,950	6,406	5,848	6,127	84,900	84,950	6,661	6,103	6,382	87,900	87,950	6,916	6,358	6,637
81,950	82,000	6,410	5,852	6,131	84,950	85,000	6,665	6,107	6,386	87,950	88,000	6,920	6,362	6,641

*This column must also be used by qualifying widow(er)

Continued on next page

2001 Hawaii Tax Table (Continued)

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
88,000					91,000					94,000				
88,000	88,050	6,924	6,366	6,645	91,000	91,050	7,179	6,621	6,900	94,000	94,050	7,434	6,876	7,155
88,050	88,100	6,928	6,370	6,649	91,050	91,100	7,183	6,625	6,904	94,050	94,100	7,438	6,880	7,159
88,100	88,150	6,933	6,375	6,654	91,100	91,150	7,188	6,630	6,909	94,100	94,150	7,443	6,885	7,164
88,150	88,200	6,937	6,379	6,658	91,150	91,200	7,192	6,634	6,913	94,150	94,200	7,447	6,889	7,168
88,200	88,250	6,941	6,383	6,662	91,200	91,250	7,196	6,638	6,917	94,200	94,250	7,451	6,893	7,172
88,250	88,300	6,945	6,387	6,666	91,250	91,300	7,200	6,642	6,921	94,250	94,300	7,455	6,897	7,176
88,300	88,350	6,950	6,392	6,671	91,300	91,350	7,205	6,647	6,926	94,300	94,350	7,460	6,902	7,181
88,350	88,400	6,954	6,396	6,675	91,350	91,400	7,209	6,651	6,930	94,350	94,400	7,464	6,906	7,185
88,400	88,450	6,958	6,400	6,679	91,400	91,450	7,213	6,655	6,934	94,400	94,450	7,468	6,910	7,189
88,450	88,500	6,962	6,404	6,683	91,450	91,500	7,217	6,659	6,938	94,450	94,500	7,472	6,914	7,193
88,500	88,550	6,967	6,409	6,688	91,500	91,550	7,222	6,664	6,943	94,500	94,550	7,477	6,919	7,198
88,550	88,600	6,971	6,413	6,692	91,550	91,600	7,226	6,668	6,947	94,550	94,600	7,481	6,923	7,202
88,600	88,650	6,975	6,417	6,696	91,600	91,650	7,230	6,672	6,951	94,600	94,650	7,485	6,927	7,206
88,650	88,700	6,979	6,421	6,700	91,650	91,700	7,234	6,676	6,955	94,650	94,700	7,489	6,931	7,210
88,700	88,750	6,984	6,426	6,705	91,700	91,750	7,239	6,681	6,960	94,700	94,750	7,494	6,936	7,215
88,750	88,800	6,988	6,430	6,709	91,750	91,800	7,243	6,685	6,964	94,750	94,800	7,498	6,940	7,219
88,800	88,850	6,992	6,434	6,713	91,800	91,850	7,247	6,689	6,968	94,800	94,850	7,502	6,944	7,223
88,850	88,900	6,996	6,438	6,717	91,850	91,900	7,251	6,693	6,972	94,850	94,900	7,506	6,948	7,227
88,900	88,950	7,001	6,443	6,722	91,900	91,950	7,256	6,698	6,977	94,900	94,950	7,511	6,953	7,232
88,950	89,000	7,005	6,447	6,726	91,950	92,000	7,260	6,702	6,981	94,950	95,000	7,515	6,957	7,236
89,000					92,000					95,000				
89,000	89,050	7,009	6,451	6,730	92,000	92,050	7,264	6,706	6,985	95,000	95,050	7,519	6,961	7,240
89,050	89,100	7,013	6,455	6,734	92,050	92,100	7,268	6,710	6,989	95,050	95,100	7,523	6,965	7,244
89,100	89,150	7,018	6,460	6,739	92,100	92,150	7,273	6,715	6,994	95,100	95,150	7,528	6,970	7,249
89,150	89,200	7,022	6,464	6,743	92,150	92,200	7,277	6,719	6,998	95,150	95,200	7,532	6,974	7,253
89,200	89,250	7,026	6,468	6,747	92,200	92,250	7,281	6,723	7,002	95,200	95,250	7,536	6,978	7,257
89,250	89,300	7,030	6,472	6,751	92,250	92,300	7,285	6,727	7,006	95,250	95,300	7,540	6,982	7,261
89,300	89,350	7,035	6,477	6,756	92,300	92,350	7,290	6,732	7,011	95,300	95,350	7,545	6,987	7,266
89,350	89,400	7,039	6,481	6,760	92,350	92,400	7,294	6,736	7,015	95,350	95,400	7,549	6,991	7,270
89,400	89,450	7,043	6,485	6,764	92,400	92,450	7,298	6,740	7,019	95,400	95,450	7,553	6,995	7,274
89,450	89,500	7,047	6,489	6,768	92,450	92,500	7,302	6,744	7,023	95,450	95,500	7,557	6,999	7,278
89,500	89,550	7,052	6,494	6,773	92,500	92,550	7,307	6,749	7,028	95,500	95,550	7,562	7,004	7,283
89,550	89,600	7,056	6,498	6,777	92,550	92,600	7,311	6,753	7,032	95,550	95,600	7,566	7,008	7,287
89,600	89,650	7,060	6,502	6,781	92,600	92,650	7,315	6,757	7,036	95,600	95,650	7,570	7,012	7,291
89,650	89,700	7,064	6,506	6,785	92,650	92,700	7,319	6,761	7,040	95,650	95,700	7,574	7,016	7,295
89,700	89,750	7,069	6,511	6,790	92,700	92,750	7,324	6,766	7,045	95,700	95,750	7,579	7,021	7,300
89,750	89,800	7,073	6,515	6,794	92,750	92,800	7,328	6,770	7,049	95,750	95,800	7,583	7,025	7,304
89,800	89,850	7,077	6,519	6,798	92,800	92,850	7,332	6,774	7,053	95,800	95,850	7,587	7,029	7,308
89,850	89,900	7,081	6,523	6,802	92,850	92,900	7,336	6,778	7,057	95,850	95,900	7,591	7,033	7,312
89,900	89,950	7,086	6,528	6,807	92,900	92,950	7,341	6,783	7,062	95,900	95,950	7,596	7,038	7,317
89,950	90,000	7,090	6,532	6,811	92,950	93,000	7,345	6,787	7,066	95,950	96,000	7,600	7,042	7,321
90,000					93,000					96,000				
90,000	90,050	7,094	6,536	6,815	93,000	93,050	7,349	6,791	7,070	96,000	96,050	7,604	7,046	7,325
90,050	90,100	7,098	6,540	6,819	93,050	93,100	7,353	6,795	7,074	96,050	96,100	7,608	7,050	7,329
90,100	90,150	7,103	6,545	6,824	93,100	93,150	7,358	6,800	7,079	96,100	96,150	7,613	7,055	7,334
90,150	90,200	7,107	6,549	6,828	93,150	93,200	7,362	6,804	7,083	96,150	96,200	7,617	7,059	7,338
90,200	90,250	7,111	6,553	6,832	93,200	93,250	7,366	6,808	7,087	96,200	96,250	7,621	7,063	7,342
90,250	90,300	7,115	6,557	6,836	93,250	93,300	7,370	6,812	7,091	96,250	96,300	7,625	7,067	7,346
90,300	90,350	7,120	6,562	6,841	93,300	93,350	7,375	6,817	7,096	96,300	96,350	7,630	7,072	7,351
90,350	90,400	7,124	6,566	6,845	93,350	93,400	7,379	6,821	7,100	96,350	96,400	7,634	7,076	7,355
90,400	90,450	7,128	6,570	6,849	93,400	93,450	7,383	6,825	7,104	96,400	96,450	7,638	7,080	7,359
90,450	90,500	7,132	6,574	6,853	93,450	93,500	7,387	6,829	7,108	96,450	96,500	7,642	7,084	7,363
90,500	90,550	7,137	6,579	6,858	93,500	93,550	7,392	6,834	7,113	96,500	96,550	7,647	7,089	7,368
90,550	90,600	7,141	6,583	6,862	93,550	93,600	7,396	6,838	7,117	96,550	96,600	7,651	7,093	7,372
90,600	90,650	7,145	6,587	6,866	93,600	93,650	7,400	6,842	7,121	96,600	96,650	7,655	7,097	7,376
90,650	90,700	7,149	6,591	6,870	93,650	93,700	7,404	6,846	7,125	96,650	96,700	7,659	7,101	7,380
90,700	90,750	7,154	6,596	6,875	93,700	93,750	7,409	6,851	7,130	96,700	96,750	7,664	7,106	7,385
90,750	90,800	7,158	6,600	6,879	93,750	93,800	7,413	6,855	7,134	96,750	96,800	7,668	7,110	7,389
90,800	90,850	7,162	6,604	6,883	93,800	93,850	7,417	6,859	7,138	96,800	96,850	7,672	7,114	7,393
90,850	90,900	7,166	6,608	6,887	93,850	93,900	7,421	6,863	7,142	96,850	96,900	7,676	7,118	7,397
90,900	90,950	7,171	6,613	6,892	93,900	93,950	7,426	6,868	7,147	96,900	96,950	7,681	7,123	7,402
90,950	91,000	7,175	6,617	6,896	93,950	94,000	7,430	6,872	7,151	96,950	97,000	7,685	7,127	7,406

*This column must also be used by qualifying widow(er)

Continued on next page

If your taxable income is —		And you are —			If your taxable income is —		And you are —			If your taxable income is —		And you are —		
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household
Your tax is —					Your tax is —					Your tax is —				
97,000					98,000					99,000				
97,000	97,050	7,689	7,131	7,410	98,000	98,050	7,774	7,216	7,495	99,000	99,050	7,859	7,301	7,580
97,050	97,100	7,693	7,135	7,414	98,050	98,100	7,778	7,220	7,499	99,050	99,100	7,863	7,305	7,584
97,100	97,150	7,698	7,140	7,419	98,100	98,150	7,783	7,225	7,504	99,100	99,150	7,868	7,310	7,589
97,150	97,200	7,702	7,144	7,423	98,150	98,200	7,787	7,229	7,508	99,150	99,200	7,872	7,314	7,593
97,200	97,250	7,706	7,148	7,427	98,200	98,250	7,791	7,233	7,512	99,200	99,250	7,876	7,318	7,597
97,250	97,300	7,710	7,152	7,431	98,250	98,300	7,795	7,237	7,516	99,250	99,300	7,880	7,322	7,601
97,300	97,350	7,715	7,157	7,436	98,300	98,350	7,800	7,242	7,521	99,300	99,350	7,885	7,327	7,606
97,350	97,400	7,719	7,161	7,440	98,350	98,400	7,804	7,246	7,525	99,350	99,400	7,889	7,331	7,610
97,400	97,450	7,723	7,165	7,444	98,400	98,450	7,808	7,250	7,529	99,400	99,450	7,893	7,335	7,614
97,450	97,500	7,727	7,169	7,448	98,450	98,500	7,812	7,254	7,533	99,450	99,500	7,897	7,339	7,618
97,500	97,550	7,732	7,174	7,453	98,500	98,550	7,817	7,259	7,538	99,500	99,550	7,902	7,344	7,623
97,550	97,600	7,736	7,178	7,457	98,550	98,600	7,821	7,263	7,542	99,550	99,600	7,906	7,348	7,627
97,600	97,650	7,740	7,182	7,461	98,600	98,650	7,825	7,267	7,546	99,600	99,650	7,910	7,352	7,631
97,650	97,700	7,744	7,186	7,465	98,650	98,700	7,829	7,271	7,550	99,650	99,700	7,914	7,356	7,635
97,700	97,750	7,749	7,191	7,470	98,700	98,750	7,834	7,276	7,555	99,700	99,750	7,919	7,361	7,640
97,750	97,800	7,753	7,195	7,474	98,750	98,800	7,838	7,280	7,559	99,750	99,800	7,923	7,365	7,644
97,800	97,850	7,757	7,199	7,478	98,800	98,850	7,842	7,284	7,563	99,800	99,850	7,927	7,369	7,648
97,850	97,900	7,761	7,203	7,482	98,850	98,900	7,846	7,288	7,567	99,850	99,900	7,931	7,373	7,652
97,900	97,950	7,766	7,208	7,487	98,900	98,950	7,851	7,293	7,572	99,900	99,950	7,936	7,378	7,657
97,950	98,000	7,770	7,212	7,491	98,950	99,000	7,855	7,297	7,576	99,950	100,000	7,940	7,382	7,661

100,000 OR OVER —
You MUST use the tax rate schedules.

*This column must also be used by qualifying widow(er)

2001 Tax Rate Schedules

CAUTION: If your taxable income is less than \$100,000, you MUST use the Tax Table.

Schedule I

SINGLE TAXPAYERS AND MARRIED FILING SEPARATE RETURNS

Use this schedule if you checked Filing Status Box 1 or 3 on Form N-11 or Form N-12	If the amount on		Your tax is:	
	Form N-11, Line 25, or	Form N-12, Line 38 is:		
	Not over \$2,000		1.50%	of taxable income
	Over \$2,000 but not over \$4,000	\$	30	plus 3.70% over \$2,000
	Over \$4,000 but not over \$8,000	\$	104	plus 6.40% over \$4,000
	Over \$8,000 but not over \$12,000	\$	360	plus 6.90% over \$8,000
	Over \$12,000 but not over \$16,000	\$	636	plus 7.30% over \$12,000
	Over \$16,000 but not over \$20,000	\$	928	plus 7.60% over \$16,000
	Over \$20,000 but not over \$30,000	\$	1,232	plus 7.90% over \$20,000
	Over \$30,000 but not over \$40,000	\$	2,022	plus 8.20% over \$30,000
	Over \$40,000	\$	2,842	plus 8.50% over \$40,000

Schedule II

MARRIED TAXPAYERS FILING JOINT RETURNS AND CERTAIN WIDOWS AND WIDOWERS

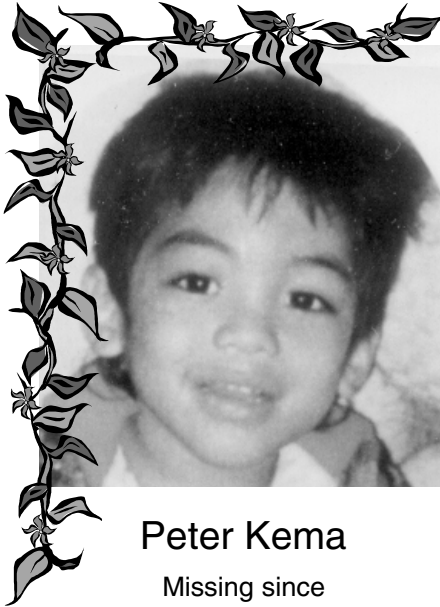
Use this schedule if you checked Filing Status Box 2 or 5 on Form N-11 or Form N-12	If the amount on		Your tax is:	
	Form N-11, Line 25, or	Form N-12, Line 38 is:		
	Not over \$4,000		1.50%	of taxable income
	Over \$4,000 but not over \$8,000	\$	60	plus 3.70% over \$4,000
	Over \$8,000 but not over \$16,000	\$	208	plus 6.40% over \$8,000
	Over \$16,000 but not over \$24,000	\$	720	plus 6.90% over \$16,000
	Over \$24,000 but not over \$32,000	\$	1,272	plus 7.30% over \$24,000
	Over \$32,000 but not over \$40,000	\$	1,856	plus 7.60% over \$32,000
	Over \$40,000 but not over \$60,000	\$	2,464	plus 7.90% over \$40,000
	Over \$60,000 but not over \$80,000	\$	4,044	plus 8.20% over \$60,000
	Over \$80,000	\$	5,684	plus 8.50% over \$80,000

Schedule III

UNMARRIED HEADS OF HOUSEHOLD

Use this schedule if you checked Filing Status Box 4 on Form N-11 or Form N-12	If the amount on		Your tax is:	
	Form N-11, Line 25, or	Form N-12, Line 38 is:		
	Not over \$3,000		1.50%	of taxable income
	Over \$3,000 but not over \$6,000	\$	45	plus 3.70% over \$3,000
	Over \$6,000 but not over \$12,000	\$	156	plus 6.40% over \$6,000
	Over \$12,000 but not over \$18,000	\$	540	plus 6.90% over \$12,000
	Over \$18,000 but not over \$24,000	\$	954	plus 7.30% over \$18,000
	Over \$24,000 but not over \$30,000	\$	1,392	plus 7.60% over \$24,000
	Over \$30,000 but not over \$45,000	\$	1,848	plus 7.90% over \$30,000
	Over \$45,000 but not over \$60,000	\$	3,033	plus 8.20% over \$45,000
	Over \$60,000	\$	4,263	plus 8.50% over \$60,000

He lei pōina 'ole ke keiki.
"A lei never forgotten, is the beloved child."



Peter Kema

Missing since
September 11, 1998

DOB 5/1/1991
Ht. 4 ft.
Wt. 60 lbs.
Hair Black
Eyes Brown Eyes

"Peter Boy" since mid-August 1998 on the Big Island of Hawaii.

ANYONE HAVING INFORMATION SHOULD CONTACT
Hawaii County Police Department at 1-808-961-2324

MCCH at 1-808-586-1449

Email: himissingchildren@compuserve.com

Website: <http://www.hgea.org/HSC/>



Alexandra Heaslet

Missing since
12/14/00

DOB 10/08/90
Ht. 4 ft. 10 in.
Wt. 80 lbs.
Hair Lt. Brown w/ blonde strands
Eyes Hazel

"Alex" is believed to be with non-custodial father

ANYONE HAVING INFORMATION SHOULD CONTACT
Maui County Police Department at 1-808-244-6487

MCCH at 1-808-586-1449

Email: himissingchildren@compuserve.com

Website: <http://www.hgea.org/HSC/>

Missing Child Center-Hawaii
Department of the Attorney General
with
Hawaii's Department of Taxation



STATE OF HAWAII—DEPARTMENT OF TAXATION
HAWAII TAXPAYER BILL OF RIGHTS

MESSAGE FROM THE DIRECTOR

This publication explains some of your most important rights as a taxpayer.

Hawaii taxpayers have many rights. Some are based on laws, and others are based on our commitment to administer Hawaii's tax laws in a fair and equitable manner. The Hawaii Taxpayer Bill of Rights compiles these rights for your easy reference.

Taxpayer rights are at the heart of good tax administration — a pledge that the tax laws will be administered with fairness, uniformity, courtesy, and common sense. In our commitment to this pledge, we invite your suggestions for improving the services provided by the Department of Taxation.

HAWAII TAXPAYER BILL OF RIGHTS

I. Protection of Taxpayer Rights

Taxpayers are entitled to be informed about their rights and responsibilities and to be assured that their rights as taxpayers will be protected throughout their contact with the Department of Taxation.

II. Tax Information

Taxpayers have a right to tax information written in plain language.

Taxpayers have a right to examine their own tax records, audit files, and collection files.

Taxpayers have a right to request copies of their own tax returns and return information, if available, subject to copying fees.

Taxpayers have a right to obtain explanations regarding billings and assessments.

III. Professional and Courteous Service

Taxpayers have a right to prompt, courteous, and accurate responses to all questions and requests for tax assistance.

Taxpayers have a right to be assured that no civil service employee of the Department of Taxation will be paid, promoted, or in any way rewarded based on the amount of assessments made or taxes collected.

Taxpayers have a right to be free from harassment and inappropriate contact by Department of Taxation personnel in matters relating to the collection of delinquent taxes and during the course of audits.

IV. Privacy and Confidentiality

Taxpayers have a right to be assured that their dealings with the Department of Taxation will be kept confidential.

Taxpayers have a right to be assured that their tax returns and tax return information will not be disclosed, except as provided by law.

V. Time Limitations

Taxpayers are entitled to seek a refund if they have overpaid their taxes. A claim for refund must be filed within the applicable statute of limitations.

The Department of Taxation may assess a taxpayer additional taxes if the assessment is made within the applicable statute of limitations. There is no time limit on the assessment of taxes in the case of a false or fraudulent return or failure to file a return.

Taxpayers have a right to extend the period of limitations for the assessment or refund of taxes by signing a written agreement with the Department of Taxation.

If the Department of Taxation is notified by the Internal Revenue Service or a taxpayer of any changes, corrections, or adjustments to the taxpayer's Federal tax return, the statute of limitations is automatically extended.

VI. Audits and Assessments

Taxpayers have a right to a Proposed Notice of Assessment except in the case of a jeopardy assessment. A Proposed Notice of Assessment is mailed to the taxpayer's last known address and: (1) explains the basis for the assessment of taxes, penalties, and interest; (2) informs taxpayers of their right to request clarification or to object to the tax assessment within thirty days from the date the Proposed Notice of Assessment was mailed; and (3) informs taxpayers that the proposed tax assessment will become final after the expiration of thirty days from the mailing of the Proposed Notice of Assessment.

Taxpayers have a right to a Final Notice of Assessment, issued after the expiration of thirty days from the mailing of the Proposed Notice of Assessment, that provides the basis for the tax assessment, and informs the taxpayer of the procedures for appealing the assessment.

Taxpayers have a right to request a meeting with the auditor or collector, their supervisor, or senior management to discuss a Proposed or Final Notice of Assessment if they do not agree with the tax assessment.

Taxpayers have a right to request that the Department of Taxation consider a closing agreement to reduce a Proposed or Final Notice of Assessment. Closing agreements are final.

VII. Tax Appeals/Payment Under Protest

Taxpayers have a right to information regarding procedures for appealing a tax assessment.

Tax Appeals. Taxpayers have a right to appeal an assessment, either to the board of review or to the tax appeal court. The appeal must be filed within 30 days from the date the Final Notice of Assessment was mailed. If the appeal is filed with the board of review, the decision of the board may be appealed within 30 days to the tax appeal court. If the appeal is filed with the tax appeal court, the decision of the tax appeal court may be appealed within 30 days to the Hawaii Supreme Court.

Taxpayers who appeal an assessment directly to the tax appeal court must pay the assessment prior to appealing. Taxpayers who appeal an assessment to a board of review do not have to pay the tax assessed prior to appealing. However, the assessed tax must be paid together with interest when the decision by a board is appealed by the taxpayer or the decision by the board in favor of the Department of Taxation is not appealed. In addition, a taxpayer who prevails before the board of review does not have to pay the assessed tax prior to an appeal by the Department of Taxation to the tax appeal court. Similarly, a taxpayer who prevails before the board of review and the tax appeal court does not have to pay the assessed tax prior to an appeal by the Department of Taxation to the Hawaii Supreme Court.

The tax appeal court may allow an individual taxpayer to appeal an income tax assessment without prior payment of the tax where the total tax liability does not exceed \$50,000 and the taxpayer shows that the payment of the tax would cause irreparable harm. Similarly, a circuit court may allow a taxpayer to appeal a general excise tax assessment without prior payment of the tax if the taxpayer shows that the payment of the tax would cause irreparable harm.

Payment Under Protest. In lieu of filing an appeal or if an appeal is not filed with the board of review or tax appeal court within 30 days from the date the Final Notice of Assessment was mailed, the taxpayer may pay the disputed tax assessment under written protest and

seek to recover the taxes by filing an action in tax appeal court within 30 days from the date of payment.

VIII. Representation

Taxpayers have a right to represent themselves or have another person accompany or represent them (with proper written authorization) when dealing with the Department of Taxation on any tax matter, including audits, collections, and appeals.

IX. Taxpayer Advocate

Taxpayers have a right to seek the assistance of our Taxpayer Advocate to resolve any tax-related problem after all other means for resolving the problem have been exhausted, or if they feel that their rights as a taxpayer have been abridged, except in the case of a criminal tax investigation.

X. Installment Agreements, Waivers, and Compromises

Installment Agreements. Taxpayers have a right to request that the Department of Taxation consider an installment payment agreement to allow taxpayers to pay their delinquent taxes over time. The Department of Taxation will evaluate a request for an installment payment agreement based on the financial condition of the taxpayer. No collection action shall be taken on any outstanding tax liability that is subject to an installment payment agreement in good standing. Interest will be assessed on the outstanding tax liability until it is paid in full.

Waiver of Penalties and Interest. Taxpayers have a right to request that the Department of Taxation waive penalties and interest added to any tax that is delinquent for not more than ninety days if the taxpayer can show that failure to file a return or pay a tax on time was due to reasonable cause, i.e., not due to the taxpayer's own carelessness, neglect, or willful disregard of the law, but due to circumstances beyond the taxpayer's control.

Compromise Offers. Taxpayers have a right to request that the Department of Taxation consider a compromise offer to reduce any tax claim arising under the tax laws administered by the Department based on doubt as to liability or collectibility, subject to the Governor's approval.

XI. Collections

Taxpayers have a right to be informed in writing of possible collection actions that may be taken on delinquent taxes, including referral to a collection agency.

Taxpayers have a right to be notified of any cost recovery fee associated with any collection action.

Taxpayers have a right to have collection actions put on hold in the case of hardship or while discussing their situation with the collector, supervisor, or senior management.

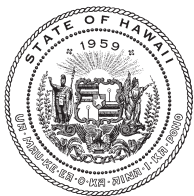
Taxpayers have a right to expect a prompt release of a lien upon payment of a tax delinquency and all filing fees.

Taxpayers have a right to have an incorrect lien corrected or released and to have a letter of clarification sent to a credit reporting company.

Taxpayers have a right to have all other collection actions exhausted before a seizure of a taxpayer's assets takes place, unless the Department of Taxation determines that the interests of the State are in jeopardy.

Taxpayers have a right to have the following property exempt from levy: wearing apparel; school books; fuel; provisions; furniture; personal effects; books and tools of a trade, business, or profession; unemployment benefits; and undelivered mail.

(This is a reproduction of the originally issued document.)



TAX FACTS

From the State of Hawaii, Department of Taxation

TAX FACTS NO. 95-1
September, 1995

ALL ABOUT THE HAWAII USE TAX

The Department of Taxation wishes to advise everyone about the Hawaii use tax. It is one of the least understood taxes despite the fact that anyone, including more than 180,000 registered Hawaii businesses, who orders something from a mail order catalog or who purchases goods outside of Hawaii may be subject to this tax.

The use tax is meant to complement the general excise tax which is a tax most taxpayers doing business in Hawaii must pay on the gross income they derive from business activity in Hawaii. Because sellers in Hawaii must pay the general excise tax, it puts them at a price disadvantage with out-of-State businesses not subject to this tax. The use tax equalizes the tax on a transaction by requiring those acquiring goods (for example, cars, clothes, jewelry, computers, equipment, etc.) from out-of-State sellers to pay a tax at the same rate that an in-State seller would have paid in general excise tax if the sale had occurred in Hawaii. The use tax is $\frac{1}{2}$ of 1% for those who import goods for resale at retail in Hawaii; 4% for all other uses.

The Department therefore wishes to provide information, to educate taxpayers, and to answer questions to help Hawaii taxpayers comply with the use tax law. With nearly a million people living in Hawaii, the Department knows that it is impossible to monitor all the spending activities of its residents.

The following examples explain the use tax and answer some of the most commonly asked questions regarding this tax.

1. There was a 4% tax charged for Hawaii on the invoice when I ordered items out of a catalog from a company on the mainland. Do I have to pay it?

Yes. Hawaii residents who shop through mail-order catalogs from sellers outside of Hawaii probably aren't aware that they must pay the state a 4 percent use tax for "imported" items when purchased from out-of-state sellers, such as mail-order companies, who are not licensed to do business in Hawaii.

For ease of administration and convenience to the customers, states prefer that mail-order companies collect and pay the use tax for their customers. If the mail-order company does not collect and pay the tax, the purchaser is responsible for paying the use tax to the state.

Depending on the mail-order companies' activities and presence in Hawaii, they may or may not be obligated to collect and pay the use tax under current interpretations of the U.S. Constitution. Many mail-order companies, nevertheless, have voluntarily assumed such an obligation for the convenience of their customers and to avoid legal uncertainties.

2. I purchased an article of clothing in another state and paid that state's sales tax, which was 3%. Do I also have to pay the Hawaii use tax when I bring the item back to Hawaii?

Yes. The law requires you to report the "landed" value (generally the purchase price plus shipping and handling fees) of the item and to pay the use tax on that value. However, any sales tax you pay to another state may be taken as a credit to offset the Hawaii use tax. The sales tax you paid on any item only may be used to offset the use tax on that item. Any excess sales tax paid may not be used to offset the use tax due on the landed value of a different item, nor will it be refunded. Therefore, the maximum amount of credit which you can claim is the lesser of the sales tax paid on the specific item imported, or the use tax due on the landed value of the same imported item. If the sales tax you paid is less than the use tax due, you will have to report and pay a use tax on the difference.

For example:

Sales price of item purchased in state C	- \$100.00
State C's sales tax paid (3%)	- 3.00
Cost of shipping and handling fees, etc.	- 10.00

Total landed value of item is the sales price of the item plus shipping and handling fees. It does not include the sales tax paid. Therefore the total landed value is \$110.00.

The Hawaii use tax rate is 4%.

The Hawaii use tax due is $\$110.00 \times 4\% = \4.40

However, because the sales tax paid (\$3) to state C is less than the Hawaii use tax due (\$4.40), the difference, or \$1.40, is due to the State of Hawaii.

3. What if the sales tax paid to the other state was more than 4%?

If the sales tax paid to the other state was equal to or more than Hawaii's 4% use tax, the Department is administratively allowing you not to report or pay a use tax on those items as there would be no additional tax due. Therefore, no report needs to be filed in this case.

It is quite possible that many travelers to the continental U.S. may not owe the use tax upon returning to Hawaii because most states, such as California, Nevada, and Florida, have a sales tax that is higher than Hawaii's 4% use tax. However, there are a few states, such as Oregon, that do not have a sales tax.

4. How should I report and pay the use tax due?

Individual, nonbusiness taxpayers who must pay the use tax should use Form G-26 (Use Tax Return - Imports for Consumption) which can be ordered by calling 587-7572, or 1-800-222-7572. As an alternative, you can choose to write the Department a letter (P.O. Box 259, Honolulu, Hawaii 96809-0259) with a check or money order payable to "Hawaii State Tax Collector." The letter should contain the following information:

- (1) Purchaser's name;
- (2) Social security number;
- (3) Date the property was imported; and
- (4) Fair and reasonable cash value of the imported property (the sales price, shipping and handling fees, insurance costs, custom duty, etc.)

The Department will not require you to file a sales receipt with the report or letter, but you must be able to produce the receipt if you are audited.

5. When is the use tax payment due?

The use tax payment is due the month after the purchased items are brought into the State. Although penalty and interest amounts are due on late paid taxes, the Department will not assess these amounts on nonbusiness late filers for now. Since the Department realizes that most people have been unaware about the use tax, the Department is not asking taxpayers to report and pay use taxes due in previous years; the Department is asking taxpayers to begin reporting now for current and future purchases.

The Department also realizes that the reporting requirements for nonbusiness individuals can be burdensome when the amount of use tax due is small. This is why the Department is being liberal in waiving penalties and interest in late filings for now. Also, if the amount of tax to be reported is so small (under \$10.00) as to make it impractical to report monthly, the Department will not impose penalties and interest if the nonbusiness taxpayer postpones filing to consolidate reporting with additional purchases. In addition, the Department is not insisting that every nonbusiness taxpayer apply for a separate use tax identification number.

Problems relating to use tax collections are not unique to Hawaii. They are experienced by all states which impose a use tax. For this reason, legislation has been introduced at the national level, in Congress (S-545), which could require all mail-order companies to collect the tax for the states.

Hawaii's tax system has always operated under the concept of voluntary tax compliance. Thus, it is up to Hawaii's taxpayers to take their civic responsibilities seriously and to make an effort to report and pay their state taxes.

If any taxpayer would like more information on the use tax, the Department of Taxation has a brochure entitled, An Introduction to the Use Tax. It can be requested from any of our district tax offices.

For More Information Contact: Taxpayer Services at 587-4242

(This is a reproduction of the originally issued document)

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